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THE MONTHLY MAGAZINE OF THE NATIONAL RESTAURANT ASSOCIATION

VOL. 8 NO. 11 DECEMBER 1988

# RESTAURANTS USA

## FORECAST '89

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## CHARTING THE SHAPE OF THE FUTURE

# ASSOCIATION MEETINGS

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| | |
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| 1/25 | Hartford, CT |
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| 2/7 | Honolulu, HI |
| 2/21 | Rochester, NY |
| 2/22 | Pittsburgh, PA |
| 2/28 | Portland, OR |
| 3/1 | Seattle, WA |
| 3/14 | New York, NY |
| 3/15 | Burlington, VT |
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| 4/5 | Orlando, FL |
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| | |
|---|---|
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| 4/11 | Burlington, VT |
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### Foodservice Management Courses

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| | |
|---|---|
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| 2/8 | Charlotte, NC |
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| 4/11 | Covington, KY |
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**Food Cost Management**

| | |
|---|---|
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| 1/25 | Atlanta, GA |
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| 3/6 | Washington, DC |
| 3/14 | Berkshires, MA |
| 3/20 | Pittsburgh, PA |
| 4/11 | New Orleans, LA |
| 4/25 | Valley Forge, PA |
| 4/26 | Rockville, MD |

**Off-Premises Catering**

| | |
|---|---|
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| 2/6-7 | Boston, MA |
| 3/7-8 | Louisville, KY |
| 3/28-29 | Tyson's Corner, VA |
| 4/4-5 | Chicago, IL |
| 4/25-26 | San Antonio, TX |

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| | |
|---|---|
| 2/20 | Orlando, FL |
| 3/6 | Burlingame, CA |
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| 4/3 | Grand Rapids, MI |
| 4/4 | Minneapolis, MN |
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**Profitability**

| | |
|---|---|
| 2/15 | St. Louis, MO |
| 2/16 | Cincinnati, OH |
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| 3/22 | Buffalo, NY |
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| 4/5 | Boston, MA |
| 4/6 | Philadelphia, PA |

**For information, contact:**
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*If your company is interested in our in-house programs, call or write to the attention of Larry Fidel at the above address.*

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**Food Purchasing Managers**
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**Internal Auditors**
3/14-15 Sanibel Island, FL

**Labor Relations**
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**Large Independent Operators**
1/31-2/3 New Orleans, LA

**Large Independent Operators**
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USA

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# PRESIDENT'S REPORT

**Jim L. Peterson, President and Chief Executive Officer**
**Whataburger, Inc., Corpus Christi, TX**

**Ninth year of growth ahead**

The 1989 National Restaurant Association Foodservice Industry Forecast is included in this month's ***Restaurants USA.*** The forecast contains good news, including a $14 billion increase in industry sales to a record level of $227 billion. Measured in real dollars (dollars corrected for inflation), that translates into a 2.2 percent increase, marking the industry's ninth consecutive year of real sales growth.

It should be noted, however, that although the industry continues to grow, the rate of real growth is decelerating. This slackening pace reflects a general deceleration of growth predicted for the national economy in 1989. Nevertheless, it should prompt us to continually reevaluate the performance of our companies. There are more of us today competing for the food dollar, and discerning patrons will be looking for value for the dollar and quality of service.

**"Foodservice Employment 2000" scheduled for January 10**

Quality service requires a quality labor force. Recently, many operators are finding employees harder and harder to come by. To help target special groups of potential foodservice workers, the association is sponsoring a one-day symposium in Washington next month entitled "Foodservice Employment 2000." The meeting will take place on January 10, 1989, and will feature representatives from various demographic groups, such as the Hispanic Policy Development Project, the National Urban League and the National Council on Aging. These representatives will discuss how you can attract their constituencies as workers by appealing to their special needs.

You will also hear from other operators about successful programs that have recruited employees in this time of tight-labor markets. There is still time to sign up for the symposium by returning the registration form you received in the mail to the association communications department in Washington DC.

**Great Menu Contest entries due February 28**

It is time once again to participate in the association's Great Menu Contest. Rules and entry forms are being sent to members this month; so check the mailbox for more information. Entries are due February 28, 1989.

**INFO '89 in Monterey, March 9-11**

The 1989 Independent Foodservice Operators (INFO) Conference will be held in Monterey, California, March 9-11, 1989. This conference focuses exclusively on the needs of independent foodservice operators. The theme of INFO '89 is: "Service: Your Survival Kit for the 90s." For more information about INFO '89, contact the Educational Foundation of the National Restaurant Association in Chicago at (312) 715-1010.

**Montery Wine Festival, March 12-14**

Following the INFO conference, the Monterey Wine Festival will be held March 12-14, 1989. This event is in its third year of association sponsorship. About 200 of California's finest wineries will participate in this year's festival. Wine-tasting receptions, educational programs

and the annual Monterey Wine Festival auction are some of the events awaiting those who attend.

**Alcohol Awareness campaign**

Around the holidays, it is important to think about ways to keep drunk driving to a minimum. The association encourages proper training of employees serving alcoholic beverages as well as reminders to patrons to know their limits.

In addition, the association's Alcohol Awareness Task Force is launching a campaign to urge every state to pass laws imposing appropriate punishment on people who purchase alcohol illegally with false identification. The task force also favors state regulations by which anyone charged with driving while intoxicated has his or her license automatically revoked. We as operators should strive to serve alcohol responsibly. At the same time, those who actually violate the law should be penalized.

**New industry factbook**

The association's new 1988-1989 *Foodservice Industry Pocket Factbook* has been inserted in the center of this issue of ***Restaurants USA.*** This handy reference contains up-to-date facts and figures about our industry and fits conveniently into a wallet or purse, making it easy to cite significant industry statistics to friends, employees, customers, audiences and media representatives. We think everyone should know about the size and scope of our industry. Additional copies can be purchased by calling the association's research department in Washington DC at 1-800-424-5156, or (202) 331-5900.

We are glad to welcome the 65 new members who joined the association in December. And to all our members, new and old, we at the association wish you happy holidays and a prosperous new year.

Sincerely,

Jim L. Peterson
President and Chairman of the Board

RESTAURANTS USA

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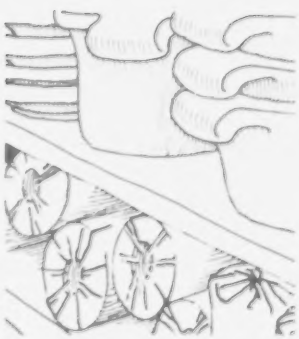

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*Cover photo by Gary Landsman*
*Food stylist: Debbie Wahl*

## Association past president Eure dies

**Thad A. Eure, Jr.**

Thad A. Eure, Jr., renowned Raleigh, North Carolina, restaurateur and president of the National Restaurant Association for the 1978-79 term, died on November 18 after a three-month battle with cancer. He was 56.

A native of North Carolina, Eure had been in the restaurant business for more than 25 years. His most popular restaurant, The Angus Barn in Raleigh, is renowned for its steaks. Eure and his partners also founded Darryl's 1906 restaurant, a concept that was later bought by General Mills and expanded throughout the Carolinas.

After serving as president and board chairman of the North Carolina Restaurant Association, Eure was elected to the National Restaurant Association's Board of Directors in 1970.

When Eure took over the National Restaurant Association's helm in 1978, his leadership helped the association score legislative victories on several important issues, including stopping attempts to repeal or reduce the tax deductibility of business meals.

As the nation's energy problem worsened through early 1979, Eure helped to produce the Conservation Awareness Program for Energy Management (CAP'EM), an association-sponsored program that communicated its energy-saving message to Americans through media, schools, organizations and foodservice outlets. The association also introduced an energy-conservation seminar for foodservice operators nationwide.

Eure's commitment to the industry did not diminish at the end of his presidential term. He served on the board of directors of the U.S. Culinary Team Foundation from its formation in 1983. And from 1985 to 1987, he served as president of the Educational Foundation of the National Restaurant Association, presiding over consolidation of the association's education and training activities and the National Institute for the Foodservice Industry (NIFI) in January 1987. In May 1988, the foundation honored Eure by inducting him into its prestigious College of Diplomates.

## New newsletter on wine

*Restaurant Wine* is a new educational and consulting newsletter designed for restaurateurs, hoteliers and club managers. The newsletter's creators, Master Sommelier Ronn Wiegand and his wife Brenda Boblitt, a professional wine judge and taster, claim it will serve as "an in-house wine consultant," focusing on ways to buy, sell and serve wine. The nine issues published each year will feature merchandising tips, information on training servers, operation profiles and a regular wine-buying guide with recommendations arranged by price and winery phone numbers for quick shopping. Subscription price is $95. To order, write to *Restaurant Wine*, PO Box 222, Napa, CA 94559.

## First U.S. tour by Soviet chefs

"When I saw two people come with spoons and not with arms, I knew we would understand each other," said Vladimir Vokhmin, the head of the Soviet Chamber of Commerce and Industry, during a press conference in Washington DC that marked the beginning of the first tour of the United States by a team of Soviet chefs.

Chefs representing the American Culinary Federation (ACF) rolled out the red carpet for the Soviets—master chef Michael Vydysh, sous chefs Andre Mallygin and Natalia Tokareva, Vokhmin—the head of the delegation, a protocol officer, a translator and a group of four musicians, who added atmosphere to the cooking demos by the Russians.

Stops on the 10-day tour included New York, Los Angeles, Washington DC, Cincinnati, Baton Rouge, New Orleans, St. Augustine, Orlando and Atlanta, with visits to the International Restaurant Show, the Culinary Institute of America, Walt Disney World, Bourbon Street, Hollywood, the White House kitchens, a catfish-processing plant, a supermarket and, of course, the Russian Tea Room.

The tour culminated in a visit to ACF headquarters in St. Augustine, where the chefs signed two key documents. One was an invitation for 10 ACF leaders to come to Russia in the summer of 1989 to establish a national chefs' association. The other was an agreement to come to the next Congress of World Cook Societies in Singapore to observe—and possibly join—the 43-nation group. Only members of this organization can compete in the culinary olympics in Frankfurt.

The Soviet culinary glasnost visit was a trip eight months in the making, spearheaded by Louisiana Cajun chef John Folse of Lafitte's Landing in New Orleans. Folse was the first chef to serve American food in Moscow; he opened a restaurant at the Moscow World Trade Center for the presidential summit between U.S. President Reagan and Soviet Leader Gorbachev. It was Folse's idea to bring the Soviet chefs to the United States.

The kitchen diplomacy may continue. Vokhmin mentioned future plans to open an American creole restaurant in Moscow and suggested that some U.S. chefs visit Moscow again next year.

# MASH IT UP* CARIBBEAN-STYLE

*As several once-trendy Caribbean restaurants reach a more mature stage in New York City, others are appearing throughout the country, and midscale and upscale restaurateurs are giving a tropical twist to their menus by innovatively adapting the seasonings, ingredients and recipes of the islands.*

**by David Slater**

*a huge success in the language of the Rastas

When Bob Marley, the late king of Jamaican popular music, sang, "Stir it up, little darling," he was unaware that he was giving future advice to American chefs slaving over bubbling pots of spicy callaloo stew. Because just as the throbbing reggae, calypso and soca music of the Caribbean is becoming widely accepted in the dancehalls of America, so is Caribbean island fare becoming more common on American menus.

## What's Caribbean?

The eclectic fare that Americans have come to call Caribbean is difficult to characterize because it came from several divergent island cultures. The Caribbean extends from Florida to the Venezuelan coast of South America, and it includes Jamaica, Cuba, Puerto Rico, the Bahamas and many smaller islands. These countries' cooking exhibits the influence of the Spanish, French, Dutch, English and Portuguese settlers, and also that of the African and Asian itinerant laborers who brought with them their own ingredients and cooking styles. The Caribbean peoples have managed to combine all these disparate elements, producing an original cuisine that varies with each country, yet shares many common ingredients and spices.

Since the growing season in the tropics and subtropics runs year round, not surprisingly Caribbean cuisine relies heavily upon fresh fruits, herbs and vegetables—many of which are as unfamiliar to Americans as Szechuan peppers once were. Ocean fish, so readily available, also are prevalent, and grouper, snapper, mullet, lobster and conch often appear in soups, stews and salads.

Caribbean cuisine also relies on the generous use of spices and peppery seasonings. Several island dishes pack the three-alarm heat more commonly associated with Cajun, Thai or Mexican specialties. Standard Caribbean spices include allspice, thyme, coriander, cinnamon, tamarind, curry powder and a variety of fiery chiles. The chiles' sear often is tempered deliciously, however, by coconut milk and by bland root vegetables, such as sweet potatoes, cassaba, taro and callaloo.

*David Shuler is a communications specialist at the National Restaurant Association.*

## How the Caribbean craze began

As new Caribbean restaurants open in cities throughout the country, Americans are exploring what is for many a new cuisine. Caribbean food, however, first got a foothold in the United States early in the decade. In high-immigration areas, such as Florida, New York City, Washington DC and Chicago, storefront Caribbean restaurants have catered to homesick West Indians for several years. As Caribbean populations continue to rise, more of these small, authentic restaurants are opening and thriving, often reaching a new non-Caribbean clientele.

The authentic ethnic eateries that have popped up in the cities generally are family-run by Caribbean owners. They specialize in the cuisine of the owner's native country. Trendiness is not a prime consideration: The food, served in generous portions at low prices, usually receives more emphasis than the simple decor.

But Caribbean food remained relatively undiscovered by most Americans until just a few years ago, when some prescient Manhattan restaurateurs realized that those who can't be in the Caribbean might enjoy having the islands brought to them. In 1985 New York City's Sugar Reef (60 seats) got the ball rolling by combining the authentic food of the storefronts with a festive Caribbean motif—complete with pulsating music, kitschy tropical drinks, plastic ferns and fake bananas.

Sugar Reef and New York's other attention-grabbing Caribbean restaurants, such as Caribe, Bayamo and Bahama Mama, were as hot in 1986 and 1987 as the scotch bonnet peppers that give a kick to their dishes. And now that the trendy crowds have moved on to the next group of "in" restaurants, operators such as Zeet Peabody, co-owner of Sugar Reef, report that "business overall is still very strong, even though money is tight right now in New York."

One hedge that the best of these New York Caribbean restaurants have against the uncertainties of a changing social scene, says Bill Gottlieb, owner of Caribe (86 seats), is a deep-rooted "emphasis on the food as opposed to the glitz." Caribe's menu includes specialties from a variety of Caribbean countries, with a particular emphasis on Jamaican dishes such as jerk chicken—a searing barbecued chicken that is highly seasoned with peppers and spices, then slowly smoked over a wood fire—jerk pork, whole red snapper, and salt fish and callaloo (the spinach-like leaves of the taro plant). Other specials include St. Lucia-style oxtails, sauteed Dominican-frogs legs (known as mountain chicken), a Cuban-style pork dish called *picadillo*, and daube Martinique style—a French beef stew cooked in a Dutch oven with red wine and spices.

### CALLALOO SOUP

*Serves 6*

*Ingredients:*
1 lb. callaloo leaves or spinach or Swiss chard
6 cups chicken stock
1 onion, finely chopped
1 clove garlic, chopped
2 or 3 scallions, chopped, using green and white parts
¼ tspn. thyme
4 ozs. lean salt pork, cut into ½-inch cubes
½ lb. fresh, canned or frozen crabmeat
½ cup coconut milk
½ lb. young okras or 10-oz. package frozen okra, sliced
Salt, pepper to taste
Hot-pepper sauce to taste

*Method:*
Wash greens and chop coarsely. Put greens into a large, heavy saucepan with chicken stock, onion, garlic, scallions, thyme and salt pork. Cover and cook at a gentle simmer until the pork is tender. Add crabmeat, coconut milk and okras and cook until okras are done, about 10 minutes. Season to taste with salt, pepper and hot-pepper sauce. Usually served with Foo-foo—pounded green-plantain balls.

*—Antares, Hyatt Regency Dallas*

## CONCH FRITTERS

*Serves 6*

*Ingredients:*
1 lb. conch
3 stalks celery, finely chopped
1 large carrot, finely chopped
1 onion, finely chopped
1 leek, finely chopped
½ cup butter
Pinch of thyme, basil, oregano, salt, pepper
¼ tspn. baking powder
4 eggs
¾ cup flour
Splash of milk
2 quarts vegetable oil or more

*Method:*
Put the conch through a meat grinder or food processor. Saute all the vegetables in butter for about 3 minutes. Add herbs. Place mixture in large bowl together with conch, baking powder, eggs, flour and milk. Mix well to a thick yet runny consistency. Chill.

Heat oil to 350° for frying. Using a large oval spoon, form 1-inch-thick dumplings. Allow them to fall straight into deep fryer. Cook for about 4-6 minutes. Serve with tartar sauce, dill mayonnaise, salsa, sour cream sauce or hot sauce.

*—from* Tropic Cooking *by Joyce LaFray Young (Ten Speed Press, Berkeley, CA, 1987)**

## SUGAR REEF'S FRIED CHICKEN

*Serves 4*

*Ingredients:*
1 3-to-4-lb. frying chicken
3 cloves garlic, crushed and minced
1 tspn. salt
¼ cup olive oil
1 Tbs. malt vinegar
1 tspn. garlic powder
½ tspn. freshly ground black pepper
1 Tbs. sweet, mild paprika
Juice of ½ lemon, ½ lime
1 packet Sazon Goya brand seasoning with cilantro and annatto seed
Vegetable oil for frying

*Method:*
Cut chicken into at least 16 pieces. Cut wing tips from the chicken pieces and discard along with extra fat. Put remainder of ingredients (except the oil for frying) into a blender and puree. Marinate chicken overnight in this mixture.

Bake the marinated chicken at 400° for 30 to 40 minutes. Remove chicken from marinade and deep-fry for 3 minutes in light vegetable oil heated to 350°.

*—from* Tropic Cooking *by Joyce LaFray Young (Ten Speed Press, Berkeley, CA, 1987)**

*Copyright 1987 by Joyce LaFray Young

At Sugar Reef, too, owner Peabody credits the authentic menu with being the key to winning the regular customers who pack the restaurant on weekend nights. "We strive to keep a true and interesting menu," he says, adding that he and his co-owners go to a different Caribbean island each year to sample foods and talk to chefs. "If you stay interested, it's hard to exhaust all the possibilities of Caribbean cuisine," he says. "In fact, right now I'm making boudin noir wild blood sausage and also conch sausage. These are things the old Creole families eat."

### Restaurants add Caribbean best sellers

Although trendy Caribbean restaurants struck paydirt with authentic menus and tropical motifs, other savvy operators are finding their own piece of the action through the creative addition of selected island dishes to non-Caribbean menus.

At the Peasant Restaurants, based in Atlanta, Georgia, Caribbean-accented dishes became immediate best sellers at several of the company's 14 units, including the Pleasant Peasant in Washington DC; and Trio, Dailey's and the Peasant Uptown in Atlanta. According to Glen Powell, director of menu development, "Every Caribbean dish we run sells well." At Trio, for example, the restaurant's most popular dish is a Caribbean chicken breast. "When we opened Trio in September 1987, we had planned on rotating our chicken dishes," explains Powell. "But we still haven't taken it off." Similarly, he adds, the jerk duck at the Peasant Uptown "sells better than any duck we've ever run," and Island tuna, a fresh tuna marinated in jerk spices, is one of the quickest-moving dishes at Dailey's.

For its Caribbean dishes, the chain uses a line of Jamaican-style seasonings and tropical sauces from Helen's Tropical Exotics, based in Clarkston, Georgia. Although Powell says he usually is skeptical of premixed spices, he decided to stick with Helen's spices because her Caribbean seasonings involve the combination of more than 20 spices and because "they tasted so good we didn't think we could improve upon them."

Powell has difficulty explaining the popularity of the Caribbean dishes at Peasant Restaurants. "I don't think it's the trendiness of Caribbean food, because we don't have a trendy type of clientele," he explains. "I think it's just because they are good dishes. They're unique. The spices are hot, but at the same time they balance out and have a certain sweetness. And even though some of the spices are familiar, the overall effect is complex."

Ray Edmunds, owner of the Hobbit Hole (150 seats) in Houston, Texas, is another operator whose customers have taken to the intriguing Caribbean spices. He recently added several Caribbean dishes to his once strictly vegetarian menu, and has found that they fit in well with the restaurant's healthful, casual motif. Among the dishes on the Hobbit Hole menu are Caribbean snapper in a West Indian sauce, jerk chicken and a West Indian stir-fry with a coconut and chutney base.

At Antares in Dallas, Texas, the Hyatt Regency's 275-seat specialty restaurant, a month-long Caribbean festival in August was a huge success. "Over 50 percent of our 10,800 covers in August came off of our Caribbean festival menu," says food and beverage director Todd Martin. "It was a great response."

Lunch specials offered during August included cream of callaloo soup with crabmeat, broiled breast of chicken with curry fruit sauce, and roast pork calypso with rice and black mushrooms. Among the popular dinner items were conch fritters with lime mustard sauce; conch salad Jamaican style; stuffed pompano with lemon, crabmeat and fresh lemon sauce; grilled beef tenderloin with

## CODFISH CAKES (STAMP AND GO)

*Makes about 24*

*Ingredients:*
½ lb. salt codfish
1 cup all-purpose flour
1 tspn. baking powder
½ tspn. salt
1 egg, lightly beaten
¾ cup milk
1 Tbs. butter, melted
1 Tbs. annatto coloring*
1 onion, finely chopped
1 fresh hot pepper, chopped
Vegetable oil for deep-frying

*Method:*
Put codfish in a bowl, cover with warm water and soak for 2 hours or longer, according to the saltiness and hardness of the fish. Drain, rinse and place in a saucepan with boiling water to cover. Simmer gently, covered, until the fish is tender, about 15 minutes. Drain and remove bones and skin, and shred fish finely.

Sift flour, baking powder and salt together. Combine egg, milk, butter and annatto coloring and stir into dry ingredients. Add the fish, onion and pepper; mix well. Drop by tablespoonful into hot oil (370° on a frying thermometer) and fry until golden brown. Drain on paper towels and serve hot.

**a deep orange coloring made from soaking the annatto seed in boiling water. Vegetable color may be substituted.*

*—Antares, Hyatt Regency Dallas*

## JERK PORK

*Also can be used with beef or poultry. Serves 8*

*Ingredients:*
1 lb. pork, trimmed and sliced into 1-inch strips
18 whole black peppercorns, ground
5 whole allspice seeds, ground
½ medium onion, finely minced
1 cup scallions, finely chopped
2 Tbs. freshly chopped thyme leaves
½ Scotch Bonnet pepper or other hot chili pepper, finely minced
2 tspns. Worcestershire sauce
Salt to taste
2 Tbs. vegetable oil

*Method:*
Blend all ingredients, except pork, in a food processor or mix by hand. Rub mixture well into pork and allow to marinate, refrigerated, for 1 to 3 hours.

Broil or grill at medium temperature, basting with meat juices. If you are able to obtain allspice wood, use it with the charcoal, or substitute another fragrant wood, such as mesquite.

*—from* Tropic Cooking *by Joyce LaFray Young (Ten Speed Press, Berkeley, CA, 1987)*

***"Caribbean is definitely a force to be reckoned with."***

green paw paw chutney and cashew sauce; and Havana-style fresh lobster.

The festival's success, says Martin, serves as evidence that "People are ready for the Caribbean taste. Although I don't think Hyatt would ever open a strictly Caribbean restaurant," he adds, "for a 30-day festival, the cuisine is ideal for us."

At the Palace Cafe in Santa Barbara, California, owner Steven Sponder also managed to tap into the public's taste for upscale Caribbean cuisine when he added several South Florida Caribbean dishes to his Cajun-Creole menu in June 1988. The dishes fit in well with his established offerings, says Sponder, because "Caribbean is really a natural extension of the Cajun concept. It uses lighter and less intense spices, but the cuisines share lots of similar roots." The upscale Caribbean additions have "breathed new life into the restaurant," he adds, increasing traffic at the already-popular restaurant by nearly 20 percent.

The nouvelle Caribbean dishes that Sponder added emphasize seafood that is flown in each day from Florida. Daily offerings include Bahamian conch chowder, coconut shrimp served with a zesty orange horseradish sauce, sole Martinique with grilled bananas and green peppercorns, and Jamaican coffee-roasted fish with a coffee cream sauce. Florida stone crab claws, rarely available outside the Caribbean, are also served in season, and Sponder keeps a list of customers who ask him to call them whenever the restaurant has the delicacies in stock.

### Chefs develop Caribbean takeoffs

Although the nouvelle Caribbean recipes served at the Palace Cafe and Antares came from kitchens in Florida and the Caribbean, several other innovative American chefs are imaginatively borrowing ingredients and seasonings from traditional Caribbean cooking and weaving them into totally original island-accented dishes—with dramatic results.

At Lola (86 seats) in New York City, for example, the rotating menu of American dishes is given some spice by Caribbean-inspired dishes, such as crispy shrimp and potato fritters, 100-spice fried chicken, and shrimp and chicken curry served over wild-rice waffles. These dishes, although not authentically Caribbean, reflect the innovative culinary philosophy of co-owner Yvonne "Lola" Bell. Bell, whose West Indian mother trained at the Culinary Institute of America, considers Caribbean cooking "really to be a style of seasoning—such as always marinating meat to tenderize it, or adding lemon as a seafood or chicken base."

"Americans love Caribbean food, but too many restaurants do it with too much of a 'peasant' feel to it," asserts Bell. "Rather than the same old jerk chicken, why not cook a rack of lamb with a honey/curry glaze and a spicy chutney, or a pheasant with a quail chutney? Why not fresh lima beans and coconut milk with vegetables and rice rather than peas and rice? Or a warm callaloo salad rather than callaloo stew?" Bell finds it difficult to convince French-trained chefs of the merits of the Caribbean style of seasoning, but she remains certain that, with imagination, chefs can create original Caribbean dishes with "appealing flavors and seasonings."

Mario Tamayo, owner of Cha Cha Cha (60 seats) in Los Angeles, also is a proponent of combining the familiar Caribbean spices and ingredients with a healthy dose of creativity to adapt new dishes to the contemporary palate. He developed his Latin/Caribbean menu after discovering that the few local restaurants that served Caribbean food were too pedestrian to appeal to upscale Californians. "They were great ethnic places," he says, "but neither their food, nor service nor cuisine was contemporary."

The unmistakably contemporary Cha Cha Cha features upbeat Latin music and distinctive art by modern Latin artists. The creative menu at the two-year-old restaurant features original dishes, such as chicken cooked with orange and lemon juice, vegetables, cumin and cilantro; fresh corn tamales with golden caviar, green sauce and sour cream; and steak cooked with red and green peppers, onions and tomatoes.

"I call it contemporary Latin/Caribbean because it's Cuban, Puerto Rican, Mexican, Jamaican," says Tamayo. "The food encompasses a variety of Caribbean cuisines, and I want to be able to play with them all," he adds. Tamayo also exhibits shrewdness in introducing new ingredients to the skeptical American public. For example, instead of cooking yucca and serving it as a vegetable in the traditional Caribbean style, he slices it and serves it as "yucca fries." "I did it because customers were visually familiar with french fries, and visuals are everything. Once they become familiar with a new taste like yucca, you can take it and present it to them in other ways," he explains.

Tamayo's success at the Cha Cha Cha has been so promising that one year ago he opened Cafe Mambo, a continental Caribbean restaurant that differs from Cha Cha Cha in that it serves breakfast and emphasizes finer meats and seafood. "Caribbean is definitely a force to be reckoned with," says the owner. "People were really ready for something fresh and exciting."

## Not simply a fad

The variety of Caribbean restaurants that have appeared across the country, and their continued success, seems to support the assertion of Don Goodwin of Bahama Mama's. "Caribbean food will continue to be accepted into the mainstream and will become another alternative cuisine, like Japanese, Chinese or Cajun," he predicts. The adaptation of the island ingredients and spices for mainstream menus further underscores the acceptance of the versatile Caribbean flavors.

"Our food is natural, from-the-earth—'roots' food, not shake-and-bake. Lots of folks are catching on to us, and we're going to win them all over," says Cecil Hendricks, owner of Chicago's West Indian Tastes, applying his characteristically upbeat Caribbean logic. Clearly, the future is as bright for Caribbean food as the sun beating down on the islands.

***Clearly, the future is as bright for Caribbean food as the sun beating down on the islands.***

## Caribbean terms and t'inga, mon

Caribbean cuisine features unusual ingredients that often go by several different names and spellings. The dishes, too, frequently have imaginative—and sometimes unexplainable—monikers. Here's a sampling.

- **Ackee**—An oblong fruit with a scarlet shell and inedible large black seeds. The flesh looks and tastes like scrambled eggs and is often sauteed with salted codfish, sliced onions, tomatoes and scallions. Ackee is available only in cans in the United States, which is just as well because certain parts of the fruit become poisonous when they are overripe.
- **Calabaza**—A yellow-skinned winter squash whose orange-yellow flesh has a delicate, pumpkinlike flavor and is often sold by the wedge. It can be served as a vegetable or used in soups or desserts.
- **Callaloo**—A popular island vegetable that resembles spinach in appearance and flavor. Callaloo soup is popular in Trinidad, Jamaica, Haiti and several other Caribbean islands.
- **Cassava**—A tropical vegetable with a long tuberous root (at least 2 inches wide and 8 to 10 inches long) and a tough brown skin. Also known as "yucca," "tapioca" and "manioc," cassava is often served as a bland, starchy vegetable.
- **Conch (pronounced "konk")**—A large, spiral-shelled mollusk, usually 9 to 12 inches long. Uncooked conch is tough and rubbery and is usually tenderized by pounding. Conch is widely used in salads, stews, soups and fritters.
- **Escovitch fish**—A highly seasoned Jamaican dish in which fresh ocean fish is pan-fried until the skin is crunchy. Often served cold.
- **Mauby**—A sweet and slightly bitter drink made from the bark of the algarroba (carob) tree.
- **Pigeon peas**—Small round peas of African origin, about the size of garden peas. The versatile peas go by other names, including "gungo," "gunga," "gandules," "goon-goo peas," "channa peas" and "arhar dahl."
- **Roti**—A sandwichlike dish made by folding a flat piece of bread (called a "purie") around a stuffing. A popular meal in the Caribbean, rotis are stuffed with everything from curries to vegetables.
- **Run down**—The Jamaican name for salted codfish simmered in coconut milk, then boiled down to a custard with peppers, onions, tomatoes and scallions. Salted catfish, mackerel, shad or rock-lobster tails can be substituted for the codfish.
- **Stamp and go**—The Caribbean name for codfish cakes.
- **Tamarind**—A legume with large brown pods containing seeds. The acidy brown pulp that surrounds the seed has a rich, spicy flavor. Tamarind is used in spicy chutneys, relishes and curries, and it is mixed with water and sugar to create a refreshing soft drink.

# AIDS

*AIDS is a deadly disease of the immune system that has affected individuals in all walks of life and businesses all over the country. Foodservice operators, like all businessmen and women, must be prepared to deal with the crises that can surround an occurrence of AIDS in their restaurants.*

**by Paul Moomaw**

In 1988 the AIDS issue came to the forefront of public discussion. Although AIDS, which stands for acquired immune deficiency syndrome, has been a crucial social and health-care issue throughout the last several years, this year the sensitive subject began to be treated with more openness. The U.S. government mailed a pamphlet containing the facts about AIDS to every household in the United States, and Surgeon General C. Everett Koop spoke all over the country and on television as part of a nationwide educational campaign designed to fight ignorance about how the AIDS virus is spread.

Even though public discussion about AIDS has improved knowledge about the disease, fear and anxiety about the virus and its carriers remain. A recent study published in the *New England Journal of Medicine* suggests that some Americans feel hostility toward those inflicted with AIDS despite understanding how the disease is (and is not) spread.

## Employee concerns

Like all other industries, the foodservice industry has had to deal with AIDS as a labor issue. Some restaurant workers have worried that they could catch the AIDS virus from a co-worker, although AIDS is not spread through the casual contact that occurs in the average workplace. AIDS is spread through sexual contact, shared needle use, through infusion of contaminated blood or through the placenta from mother to fetus. Consequently, foodservice operations are safe places in which to work.

Many restaurateurs worry about their ability to hire and fire employees who have been diagnosed with AIDS. In many cases, courts have treated AIDS victims as handicapped individuals for purposes of employment discrimination. Although discrimination law in this area is still evolving, decisions seem to be upholding the rights of AIDS carriers. Because of this climate, it is generally unwise to insist that prospective or current employees be tested for the presence of the AIDS antibody. A test result that affects a hiring or firing decision may lead to a discrimination lawsuit. In at least two cases, foodservice employees who believed that they were fired in the wake of AIDS rumors brought costly lawsuits against their employers—and won initial decisions.

In some instances, ill-informed restaurant employees have objected to having to work with an infected co-worker, fearing unjustifiably that the disease could be spread through casual contact. Situations such as these are best treated with an education campaign that emphasizes the facts about AIDS—especially the fact that the disease is not foodborne or spread through casual contact. Many businesses have dispelled workers' fears about an infected employee with a well-conceived education presentation. It is even better to initiate such a program *before* an AIDS-related crisis occurs in your restaurant. The National Restaurant Association has produced materials that can help you, including a two-part video series, "The AIDS Issue," and a pamphlet entitled "Basic Facts about AIDS for Foodservice Employees."

Operators have also worried about how employees who come down with AIDS will affect their benefit programs. Treatment is costly. As time goes by, however, more low-cost methods of treatment will be developed. For example, many AIDS patients are now being treated at home rather than in the hospital, resulting in tremendous savings in health-care costs.

## Customer concerns

But AIDS is more than a labor issue—especially for service industries. In addition to food, the foodservice industry sells smiles and peace of mind—two things that don't go together with worries about AIDS. Whether justified or not, customers' concerns about catching the disease in a foodservice setting still remain. A recent Louis Harris poll confirms this fact. When asked what they would do if they learned that a waiter at a favorite restaurant had tested positive for the

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# How the Industry Can Cope

AIDS virus, more than half of those polled indicated that they would no longer patronize the restaurant. Even more would stay away if they learned that a cook had tested positive for the AIDS virus. Many of those polled would stay away in spite of their knowledge of how the disease is spread. This presents a major problem to an operator, whose livelihood could be jeopardized by an AIDS-related situation or even a rumor.

***In many cases, courts have treated AIDS victims as handicapped individuals for purposes of employment discrimination.***

## Managing a crisis

To avert a potential public relations crisis brought on by an AIDS-related situation, restaurant operators should institute a crisis-management program, along the lines outlined in the November 1987 issue of ***Restaurants USA.***

Four steps are crucial to a proper crisis program for the restaurant:

**1. Assemble a crisis team.** This team should be formulated to handle any crisis situation—from fire to AIDS. A crisis team should be assembled long before a crisis ever strikes. Team members could include a high-level executive officer or owner, a team leader responsible for keeping the team updated during a crisis, a carefully chosen spokesperson to make all public statements, a legal representative from outside the company who can determine the legal implications of the crisis, a health-care expert from outside who can advise the team, and an employee representative to act as liaison between management and employees.

**2. Ask the crisis team to develop an AIDS policy statement.** A policy statement spells out the company's position both for employees and for the public. Although each operation is different, of course, key points of such a statement could include the following ideas:

- Employees with life-threatening diseases are treated with dignity and respect, and they may continue to work as long as medical evidence concludes that performing their work does not pose a health or safety risk to themselves or anyone else.
- Employees with life-threatening diseases are eligible for the continuation of applicable medical benefits.
- Employees are assured of complete confidentiality when seeking counseling or medical referral assistance.

**3. Educate your employees.** Education about the facts of AIDS is the most powerful weapon against AIDS at this time. Once employees understand the facts, their fears about contracting the disease in the workplace should be allayed.

**4. Develop an AIDS communications strategy.** Public perception of an AIDS situation will be shaped by what is reported in the media. This heightens the importance of choosing an experienced, informed spokesperson to serve as the sole liaison between your operation and the news media in the event of a crisis. Your crisis team should meet as soon as possible after a crisis has occurred to construct a consistent, credible version of what happened. The team should spell out in detail how management is dealing with the situation. Once management has agreed on a position, the official version should not be changed unless new information surfaces.

Only the company spokesperson should speak to the news media, to avoid conflicting reports or confusion. All statements should be truthful and made from the public's point of view. Press materials should back up what the spokesperson says and no question should be answered "off the record" or "no comment."

As a public gesture to regain trust in your establishment, invite local health officials or the mayor to eat a meal at your establishment. Be sure all the media involved in the original situation are invited to attend.

## Do it clean

One good way to help keep customer concerns about disease low is to run an exceptionally clean operation, from the kitchen to the bathroom. Of course, a clean restaurant has always been a good idea, but it can be a real selling point at a time when customers are concerned about disease. For similar reasons, some caterers have begun wearing white gloves again so that food handlers aren't touching food. Although the measure is purely cosmetic, it may help put customers at ease.

# WHOLESALE WAREHOUSES OFFER NO-FRILLS SHOPPING

Max Karl Winkler

**by John Geisse**

Larry Nicholson did not know what to expect on his first visit to a wholesale warehouse, but what he discovered is an entirely new way to shop for restaurant supplies.

Nicholson, co-owner of Delaney's Chase and Sunset Inns in Mentor, Ohio, is among the growing number of restaurateurs who are discovering substantial savings and product offerings available through self-service, cash-and-carry wholesale warehouses.

These no-frills, members-only outlets, stocking everything from canned carrots and condiments to cleaning utensils and appliances, are quickly carving a niche in the restaurant supply business. The warehouses' big selling point is price, with some items going for less than one-half their retail price. And that's for brand-name goods, not generic labels or imitations.

Examples? During a recent visit to one warehouse, a 46-ounce can of Juice Bowl grapefruit juice sold for $1.05; a 10-quart container of Durkee Mel-Fry sold for $11.55; 15 rolls of Hi Dri paper towels sold for $7.25; a #10 can of Heinz ketchup sold for $2.69; and electronic blackboards were priced at $99.99 each.

## Two hundred outlets nationwide

Prices like these have helped so-called wholesale clubs attract restaurateurs and other business customers nationwide and have made the clubs a fast-growing segment in the wholesale/retail industry. There are more than 200 outlets in the United States, with $14 billion in annual sales projected for 1988.

Such geographical reach would seem to indicate widespread acceptance. The Wholesale Club, an Indianapolis-based company, for example, operates 18 clubs in Indiana, Ohio, Wisconsin and Minnesota. Restaurants and other foodservice operators are among its biggest and most frequent customers.

The biggest hurdle to customer acceptance is overcoming skepticism. Some people don't believe that the clubs can have such low prices—until they visit the warehouse and see for themselves.

A no-frills approach is what enables clubs to keep prices low. Such luxuries as fancy displays and air conditioning are nowhere to be found in a warehouse budget.

The warehouses, usually 100,000 feet square, are plain and unfinished. Merchandise remains in its original cartons and is stacked on pallets or metal shelves separated by wide aisles. There is a broad variety of merchandise, but specific brands and sizes (usually institutional or multiple packs) are limited to the most popular items.

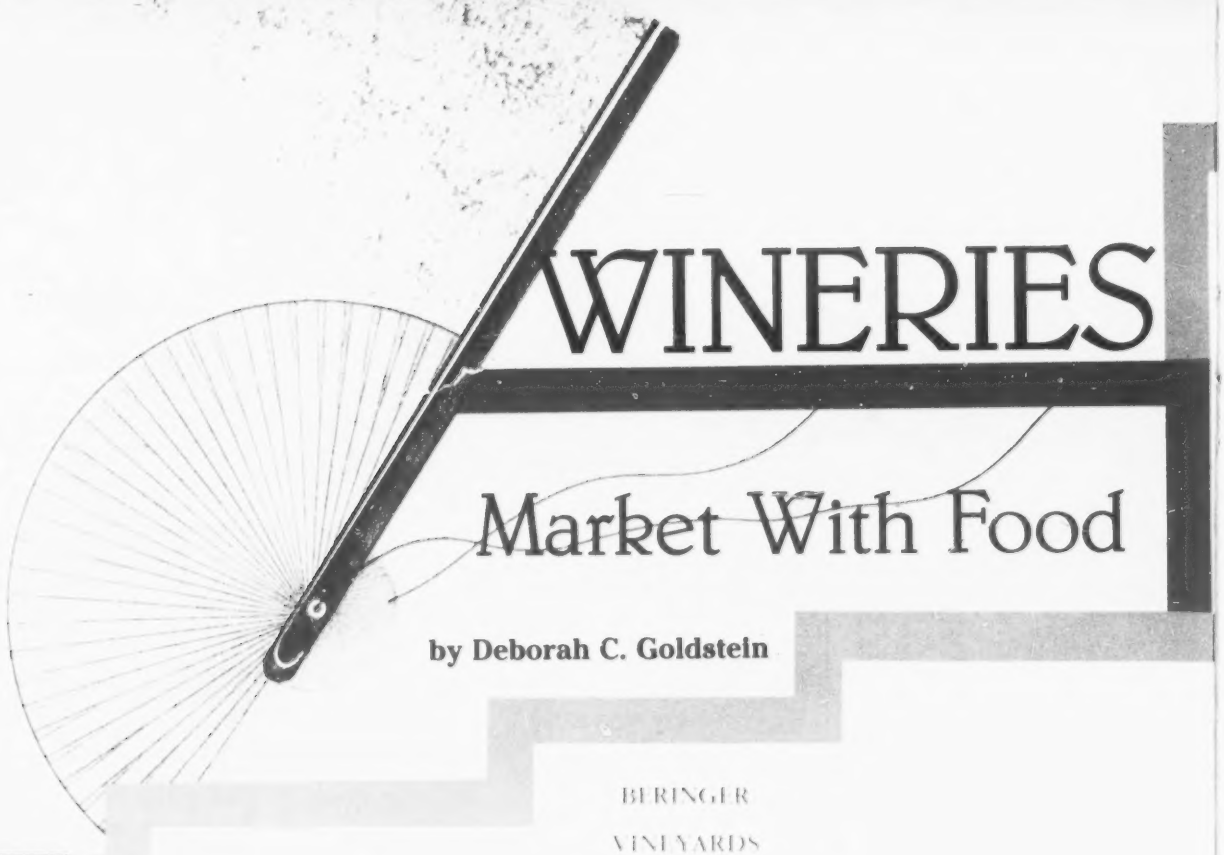
It's strictly a serve-yourself, cash-and-carry operation. No credit cards are accepted, and there is no one to load goods into cars or vans. This bare-bones operational style permits clubs to hold markups to an average of 10 percent over wholesale cost, and lower still for food. For comparison, markups in discount stores range between 27 and 32 percent, and most traditional suppliers operate on margins ranging between 12 and 35 percent.

There are no minimum or maximum restrictions on purchases, making it easy to buy in quantity and to take advantage of a good deal or to tread cautiously and "test" a product by buying in small amounts initially. Moreover, wholesale clubs can be a reliable secondary source of supply when goods are not immediately available elsewhere.

Shoppers also express pleasure in their ability to examine the quality of products before buying, which is not always possible with door-to-door delivery.

Moreover, the variety of merchandise allows customers to combine business and personal shopping into time-saving, one-stop trips. More than 4,000 items are consistently stocked, including brand-name electronics, housewares, hardware, automotive supplies, sporting goods, furniture, stationery, books, pet supplies, photo equipment, home soft goods, apparel, household supplies, health and beauty aids, and even plants and brass cuspidors. ❑

*John Geisse is chief executive officer of The Wholesale Club.*

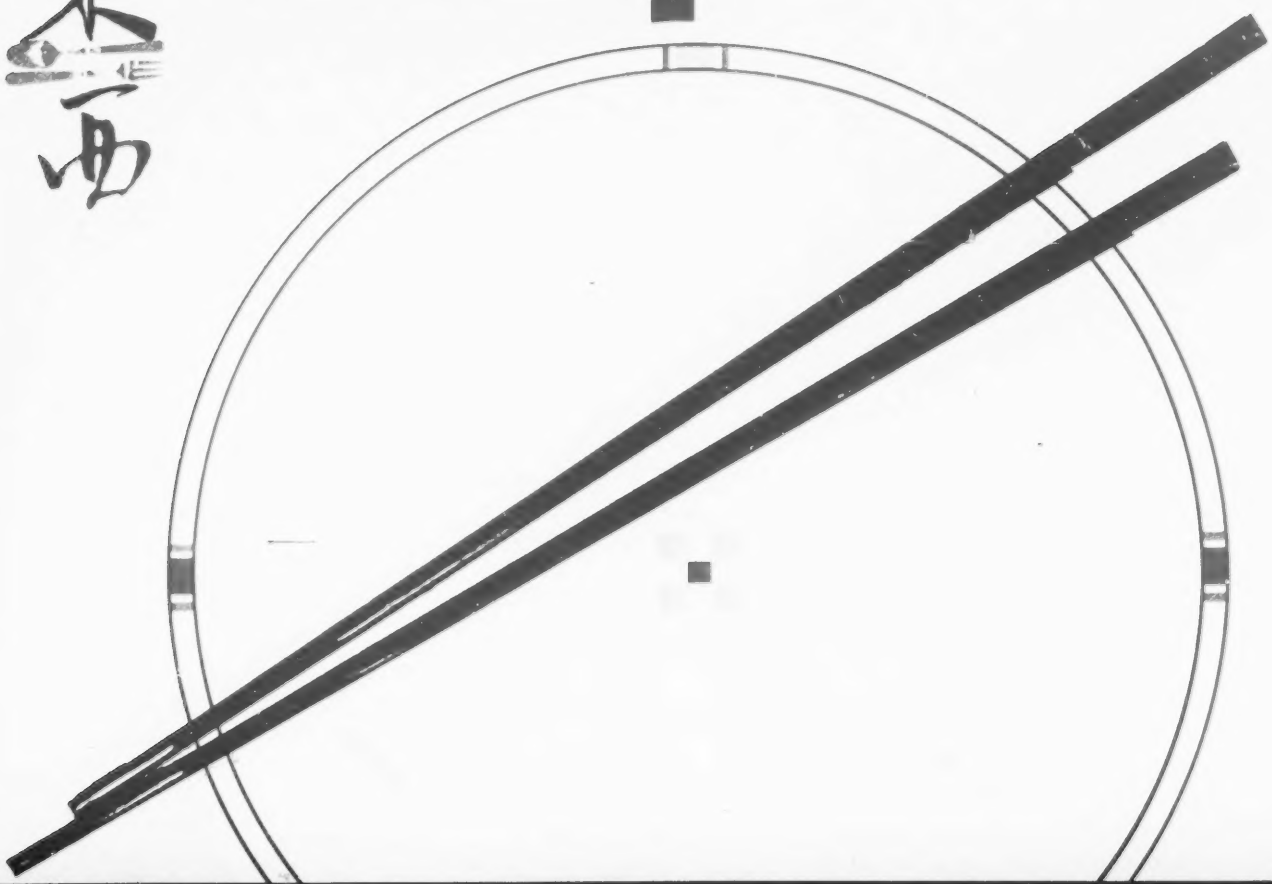


# WINERIES

## Market With Food

by Deborah C. Goldstein

BERINGER
VINEYARDS
EAST/WEST
CULINARY
SUMMIT



*A highly competitive market and changes in the social climate in the United States and abroad toward more responsible use of alcohol have come together so that wineries are using food to promote their products, rather than the other way around.*

In a sense, vintners have gone into the food business. In some cases, a three-star restaurant or a gourmet deli has been incorporated into a wine-tasting facility. Many wineries employ full-time executive chefs for day-to-day hospitality functions, and regularly hire nationally known guest chefs for special events. Still others are sponsoring trade tastings and events where wine seems to almost take a backseat to the food. In Northern California, for example, wineries are going to great lengths to educate young chefs about the uses of wine and foods by sponsoring contests, seminars and tastings, and by donating their products for winemaker dinners.

□ **Contests—for students.** At the National Restaurant Association's Monterey Wine Festival this past spring, promotion of wine in restaurants was a major topic. Part of the program included luncheons and dinners where wines were specifically paired with Monterey-Central Coast produce and meats.

In keeping with this wine-and-food theme, festival participant Rutherford Hill Winery (Napa), held a reception called "ChardonnEssence." It showcased winning recipes by student chefs from the California Culinary Academy (CCA) in San Francisco, who had created original recipes to pair with the winery's 1985 Jaeger Vineyards Chardonnay and 1986 Rutherford Knoll Chardonnay—quite different styles of wine.

The wines were donated to the academy for the contest, and the students were encouraged to taste them and work with them.

*Deborah Goldstein is a freelance writer in Sacramento, California. She frequently writes about wine.*

From the winery's point of view, it was an opportunity to be part of the educational process of training young chefs on food and wine pairing and, of course, to establish some brand recognition along the way.

□ **Contests—for professionals.** Professionals also are invited to test their skills in contests sponsored by wineries. For example, Quady Winery (Madeira, California) held a contest for professional chefs to find winning pairings that were "synergistic" with Elysium—its proprietary sweet black Muscat dessert wine. Quady is a prize-winning producer of dessert wines. Although dessert wine sales have declined from 19.6 percent in 1977 to 9.98 percent in 1987, according to figures released by the Wine Institute, the public's taste for premium dessert wines (in the $10 range) have substantially increased during 1988.

The contest thus allowed chefs to work with the wine in their own kitchens and to come up with recipes that would heighten the pleasures of both eating and drinking. From a marketing perspective, the contest was meant to heighten awareness of dessert wines in general, and Quady in particular, and to develop recipes that would make it easier for a waiter "to suggest a dessert and an interesting little wine to go with it," says owner/winemaker Andy Quady.

The winning recipe came from chef Robert Jorin, professor of food chemistry at the California Culinary Academy and a recognized pastry chef. It was a blueberry/pear tart in a walnut/black-pepper crust with Roquefort custard.

□ **Food symposia.** *East/West Culinary Summit.* The promotion of food by wineries took a major step this year at Beringer Vineyards East/West Culinary Summit, held at the Silverado Country Club in Napa. The conference was set up "to address the growing trend towards a meeting of Asian and Western cuisines," and it included panel discussions, culinary demonstrations and "extraordinary meals."

The emphasis was on food, with almost not enough said about wine. Many of the participants were chefs and restaurateurs already successfully combining Asian and Western foods and cooking techniques.

On the last day, participants had a chance to debate wine and food pairing with a panel of wine critics and chefs. Discussion was spirited.

*American Harvest Workshop.* At Cakebread Cellars, the popular American Harvest Workshop (created in 1987) met again during harvest and crush. The brainchild of Cakebread Cellars Owner Jack Cakebread and Bill Shoaf, now owner of Duckworth in St. Helena, California, the workshop is an intimate gathering of the nation's leading chefs, writers, vintners and food producers—affectionately known as "Camp Cakebread." The objective of this by-invitation-only event is to "heighten the understanding of the importance of the nutritional and aesthetic qualities of cottage farm products and American viticulture and cuisine."

The three-day program began with a meal at Duckworth Restaurant. The next day, the chefs and wine and food media—some very fine cooks in their own right—travelled the hills, canyons and highways of Sonoma and Napa counties, stopping at what often appeared to be only a house in a residential neighborhood, with a small building attached.

In one case, it turned out to be a goat-cheese factory, in another, a mushroom grower, and a third was a specialty grower, creating everything from beets to edible flowers.

At each of the stops, the foods were tasted without wine, and items were selected for the evening meals. That evening and the following evening, about 25 people crammed into Dolores Cakebread's kitchen and began cooking together. Recipes were created on the spot.

The next day, the wine-making process was discussed in detail, but not before Jack Cakebread had handed everyone a cutting knife and a plastic

tub and sent them out into the vineyards to help harvest grapes.

The whole workshop was an educational process. It culminated in a dinner at the California Culinary Academy in San Francisco, where modified versions of the recipes were prepared for a capacity crowd by the workshop chefs and CCA student chefs. A panel discussion followed.

**School for American chefs.** Beringer Vineyards has established a School for American Chefs, under the direction of internationally recognized educator and classical French chef Madeleine Kamman. The school, which is scheduled to open in May 1989 in Napa Valley, will be for established chefs who come on scholarship for an intensive two-week period of instruction. The curriculum will be tailored to the individual needs of the attendees.

**Newsletters.** As in the restaurant industry itself, newsletters have become an effective means of educating the public and building brand loyalty. Most newsletters are mailed free for the asking—in fact, people are encouraged to sign up for them. It is not only a good marketing tool for the winery, but also an excellent way for the restaurateurs and their waitstaffs to gain some insight into the wineries and their products.

Some of the newsletters are quite folksy—like the family Christmas letters people send out once a year. Others are sophisticated and contain technical information, tasting notes and award lists. As with other aspects of the wine industry, the tie-ins with food are well developed—whether it is serving suggestions, food pairings and recipes or announcements of wine and food seminars and contests.

**Working with student chefs at the Culinary Academy was part of the American Harvest Workshop. Amy Ferguson, executive chef at Rosewood Hana Maui, instructs a student chef at left as George Morrone, executive chef at Hotel Bel Air, gets in the middle.**

**Goat cheese—chevre—was the topic of conversation as writers and chefs converge on a table of cheeses ranging from soft, fresh to hard, aged—at Laura Chenel's Chevre in Santa Rosa.**

## MENU

Lunch inside the winery

*Sonoma Tapas*
*de Lorimier "Spectrum": Sauvignon Blanc and Semillon Blend*

*Shrimp Ravioli with Sweet Red Pepper Sauce*
*de Lorimier "Prism": Chardonnay*

*Lamb Stuffed with Sonoma Wild Mushrooms, Herbs and Green Onions*
*de Lorimier "Mosaic": Cabernet Sauvignon, Merlot, Cabernet Franc Blend*

*Fig and Pear Salad with Gorgonzola*

*Fresh Raspberries and Biscotti*
*de Lorimier "Lace": Late Harbest Sauvignon Blanc*

Chefs: Michael Farmer, Carol Shanks and Sally de Lorimier, de Lorimier Winery, Geyserville

**After hand-harvesting grapes for Cakebread Sauvignon Blanc (as part of the workshop experience) participants and winery people check out the contents of the winepress.**

□ **Clubs and restaurants.** Several of the wineries, such as Domaine Chandon in Yountville (Napa), have clubs. Members receive a special card that lists a private phone number for the winery. The number is usually used to make special reservations at the winery's elegant, three-star restaurant. Events are also arranged for members outside the area, such as a recent reception for members in the New York club.

Other wineries have found that it is a significant advantage to own and operate a first-class restaurant on the winery's premises, where wine and food can be combined to best advantage. Often these restaurants take advantage of popular food trends. At Wente Bros. Sparkling Wine restaurant in Livermore, California, a new menu has been added based upon the book *The Mediterranean Diet: Wine, Pasta, Olive Oil and A Long Healthy Life*. Last spring the culinary staff began creating special menus for luncheon patrons. The menus change weekly, and each special menu includes a wine recommendation.

Some winery restaurants, such as Chateau Souverain in Geyserville (Sonoma), offer wines from other area wineries as well as their own. "The reason for this," explains Michael Florian, director of public relations, "is that we are trying to promote Sonoma County. With a diversity of agricultural products and such a great variety of wine appellations of different regional characteristics, we feel we should represent them on a wine list. This allows the visitor to come away with a sense of dimension."

□ **Private hospitality events.** Not all wine-related food experiences are totally public. Many are by invitation only, with wineries hosting special luncheons, dinners and tours for restaurateurs and their staffs, distributors and retailers. The business-hospitality aspects of promoting wine are extremely competitive, and wineries have gone to great lengths to secure the services of top chefs.

Jordan Winery's Chef de Cuisine Franco Dunn finds it a great challenge to cook for the formal hospitality functions at the chateau-style winery at Sonoma, for dinners for the Jordan family and—during crush—for all the field hands and winery personnel, who often are working 18 hours at a time. The winery markets only two varietals—a Chardonnay and a Cabernet Sauvignon (though a sparkling wine is in the works). The challenge, according to Dunn, is to constantly come up with interesting dishes based on very complex wines.

Sterling Vineyards' Culinary Director Elaine Bell is another example of the challenges and opportunities a chef can have working for a winery, and the financial commitment the winery has to food as a means of promoting wine. Sterling (which is owned by Seagrams) recently acquired the famous Winery Lake Vineyards in Napa. To promote the winery's first release of the estate-bottled Chardonnay and Pinot Noir from

vineyards (that have been supplying other producers since 1964), a series of events was put together that combined food, wine and art.

First, artist Veronica di Rosa was commissioned to paint a series of watercolors depicting Sterling Vineyards. A traveling show was put together that included the 24 paintings, a half-dozen 600-pound enamelled metal cows (another signature piece of di Rosa's) and a four-course gourmet dinner. The first stop was the Whitney Museum in New York.

According to Chef Bell, ingredients for the dinner, which included filet of trout with shiitake mushroom salad, roast loin of lamb with saffron, julienne of butter lettuce and chocolate pate—were hand-picked on the West Coast. They were then air-freighted to New York.

The art, the wine and the chef then travelled back to California, where Bell prepared the same menu, but this time served it in a clearing in Winery Lake Vineyards, adjacent to a former cow pasture. Bell and her crew set up a camp kitchen—two tents, stoves and hot boxes—to prepare the four-course formal dinner.

The final stop of the series was the exclusive St. James's Club in Los Angeles, where Executive Chef Gary Clausen opened his kitchen to Bell, and the two of them created a more complex version of the same dinner.

"The main goal for me is promoting food and wine pairing," says Bell. "I used my foods to highlight and enhance the wines I am promoting and to educate the public." ❑

# BREWPUB BONANZA

**by Jack Erickson**

"Brewpub restaurants brewing their own beer will be the hottest franchising trend in the 1990s," said franchising consultant Gary Kisel at Chicago's Drake Hotel during the September convention of microbrewers.

"Within 10 years there will be 100 regional chains with 10 to 12 brewpubs apiece," Kisel forecasted. "There also will be two or three national brewpub chains with at least 60 units apiece."

Kisel, however, was not the only person at the microbrewers' convention making such lavish predictions.

Laurel Hanson, former general manager of Chicago's first brewpub, Siebens River North, is just as optimistic. "Once a restaurant discovers the costs of making beer—24 percent—they'll want to put in a little brewpub to increase their profits. Food costs are much higher than that."

That's what brewpubs are—a separate profit center for a restaurant. The costs of production (hops, yeast, barley, equipment, salaries) are modest (pennies per glass), and the return ($1.50 to $3.00 for a 12-ounce draft) is high. With ingenuity, profits can be squeezed from a brewpub in a way they can't be from a restaurant.

With such delightful names as the Tap and Growler (Chicago), Weeping Radish (Manteo, North Carolina), Devil Mountain (Walnut Creek, California) and Buffalo Bill's (Hayward, California), brewpubs have returned the charm and romance to brewing that had all but disappeared in America. They've also rekindled a thirst for specialty beers—amber lagers, ales, porters, stouts, bock, wheat and seasonal holiday beers for Oktoberfest and Christmas.

Along with the smell of fresh bread baking, the aroma of beer brewing is one of life's olfactory pleasures. The warm, moist aroma of steaming hops and barley is enough to arouse even a nonbeer-drinker's thirst.

In the 11 years since the first microbrewery appeared in a Sonoma, California, warehouse, the movement has grown to 150 microbreweries and brewpubs in North America.

The brewpub movement is booming on the West Coast; in six years more than 40 brewpubs have opened from San Diego to Vancouver, with 13 of them in the San Francisco Bay area alone.

You can't keep a good idea like this quiet for long—enterprising restaurateurs have opened brewpubs in New York, North Carolina, Wisconsin, Pennsylvania and Virginia.

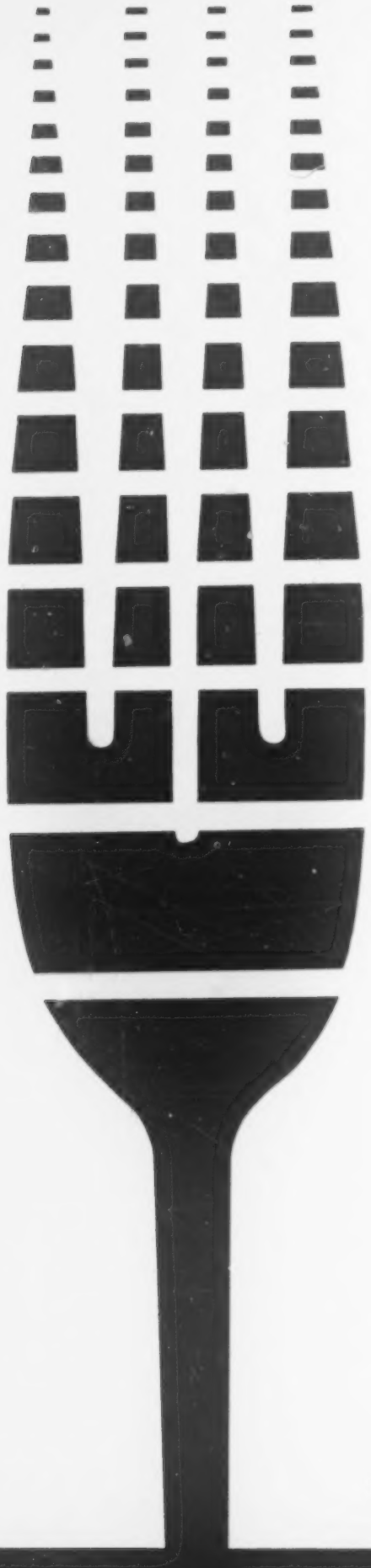
Three brewpubs have started up in Chicago alone, and a fourth opened during the week of the microbrewers' conference. Chicago is not the only city scrambling in the barley bonanza. New brewpubs are planned to open soon in Seattle, Omaha, Atlanta, Denver, Minneapolis, Phoenix, San Jose and Des Moines, as well as Missoula, Montana; Charlotte, North Carolina; Athens, Georgia; and Deer Park, Florida.

A nationwide brewpub bonanza is coming. Owners of small microbreweries are hustling to cash in before large corporations put a brewpub in every shopping mall and prime downtown location around the country.

The Japanese, too, seem to be eyeing the microbrewing phenomenon with more than idle interest. They're already importing 200 cases a month from the tiny Juneau, Alaska, microbrewery whose Chinook Amber beer was named "Best Beer in America" at the 1988 Great American Beer Festival. And a representative from the giant Suntory brewery admitted at the microbrewers' conference that his company was building a pilot microbrewing plant in Musashino, Japan, and would begin brewing in January 1989. If the Japanese can design and manufacture high-quality small cars and sell them all over the world, why not small breweries? ❑

*Jack Erickson is the author of* Star Spangled Beer: A Guide to America's New Microbreweries and Brewpubs *and* Great Cooking with Beer, *published by RedBrick Press, P.O. Box 2184, Reston, VA, 22090.*

# 1989 NATIONAL RESTAURANT ASSOCIATION FOODSERVICE INDUSTRY FORECAST



## FORECAST HIGHLIGHTS

The industry is heading for its ninth consecutive year of real growth.

□ **Foodservice industry sales** are projected to reach $227.3 billion in 1989—up 6.7 percent over 1988.

□ **Real sales,** adjusted for inflation, should rise 2.2 percent—slightly lower than the 2.6 percent real gain in 1988.

□ The **Commercial Foodservice Group** is expected to record sales of $202.0 billion in 1989—an increase of 7.0 percent over 1988. In inflation-adjusted dollars, this represents a 2.4 percent increase.

□ Real sales for the **Institutional Foodservice Group** are expected to edge down a slight 0.1 percent in 1989.

□ Accounting for nearly 65 percent of total industry sales, **eating place sales** are forecast to reach $147.1 billion, a 2.4 percent real increase over 1988.

□ **Fast food restaurants** should outpace the industry average for real growth, posting a 3.6 percent increase over 1988. Total limited menu restaurant sales are projected to advance to $65.1 billion.

□ For the fifth straight year, **transportation foodservice sales** are forecast to record impressive real growth—up 6.0 percent.

□ **Retail host restaurants** are predicted to post a healthy real sales increase of 4.9 percent.

□ **Menu prices** should climb 4.6 percent in 1989, up from the 4.1 percent increase in 1988.

**The information in this report was prepared in consultation with the research firm Malcolm M. Knapp, Inc.**

# OVERVIEW: THE INDUSTRY IN 1989

The foodservice industry is preparing for its ninth straight year of real sales growth. Industry sales in 1989 are expected to total $227.3 billion—6.7 percent above the $213.0 billion recorded in 1988. After adjusting for inflation, real sales should advance 2.2 percent, slightly below the expected 2.5 percent advance in the Gross National Product (GNP).

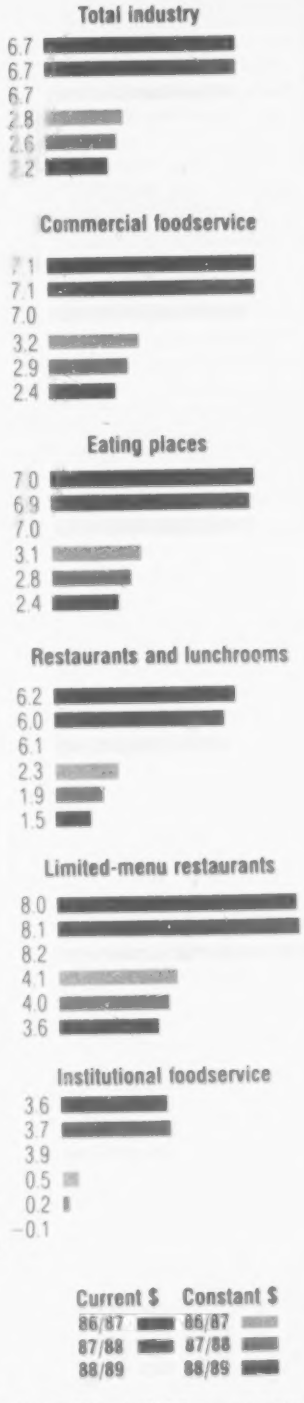
Although the 6.7 percent growth figure for 1989 is not as impressive as increases achieved in earlier years, it still represents a $14.3 billion gain in absolute terms. And the sheer size of this absolute dollar increase for foodservice sales presents opportunities for both operators and their suppliers.

Food and drink sales in the Commercial Foodservice Group are forecast to advance 7.0 percent to $202.0 billion. After adjusting for inflation, real sales are expected to advance 2.4 percent, down from the 2.9 percent real growth experienced in 1988.

Within the Commercial Foodservice Group, eating place sales will reach $147.1 billion in 1989, accounting for almost two-thirds of total industry sales. Eating place sales should increase 7.0 percent in 1989 or 2.4 percent in real terms—the lowest real growth rate posted by this major segment since 1982. In comparison, 1988 eating place sales advanced 6.9 percent or 2.8 percent in inflation-adjusted dollars.

**Percent change in foodservice sales**

*Industry real growth in 1989 will be 2.2 percent*



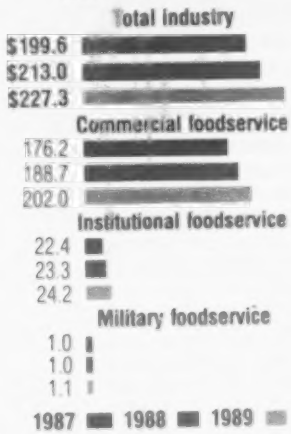

**Note:** *1988 and 1989 figures are projected*
**Source:** National Restaurant Association

The Institutional Foodservice Group is forecast to post sales of $24.2 billion in 1989—up 3.9 percent over $23.3 billion in 1988. After adjusting for inflation, this represents a 0.1 percent decrease in sales, reflecting greater contractor penetration of these markets.

Sales in the Military Foodservice Group are expected to advance 6.2 percent in 1989, rising to $1.1 billion. This increase is somewhat larger than the 5.6 percent gain for 1988. After adjusting for inflation, real sales are forecast to advance 1.6 percent in 1989, similar to the 1.5 percent real growth experienced in 1988.

**Foodservice industry sales**
**(billions of dollars)**

*Total industry sales will exceed $227 billion in 1989*




**Note:** *1988 and 1989 figures are projected*
**Source:** National Restaurant Association

In sum, the 1989 forecast is for continued but moderate growth, driven by population gains and increased demand from consumers who once viewed food prepared away from home as a luxury but increasingly see it as a necessity. The result is that consumers are spending a larger share of their food dollar away from home.

# THE ECONOMY

Because business conditions within the foodservice industry generally mirror economic conditions, it is critical to understand how the economy performed in 1988 and to examine its projected performance for 1989.

### 1988 highlights

In 1988 the nation's economy continued to expand, exceeding the rate of growth posted in 1987. After adjusting for inflation, the Gross National Product (GNP) advanced a solid 4.0 percent in 1988, compared to the lower 3.4 percent real growth experienced in 1987. This current period of uninterrupted U.S. economic growth, which started in late 1982, is the longest peacetime expansion since World War II.

1988's growth rate was particularly impressive in light of the negative consequences anticipated by many after the October 1987 stock market crash. Not only did recession prospects dim as 1988 progressed, but consumer spending also continued to grow. Total consumer spending advanced 2.4 percent in real terms in 1988, with real durable spending up 5.5 percent. Nondurable purchases declined 0.4 percent after adjusting for inflation.

Real disposable income posted a solid gain of 3.4 percent, allowing consumers to save more of their income. In 1988, the personal savings rate rose to 4.4 percent of personal disposable income, compared to a lower 3.2 percent rate in 1987. However, consumer installment debt reached

record levels in 1988, exceeding $650 billion.

Overall, consumer confidence remained strong in 1988 as consumers continued to feel relatively secure. The Conference Board's Consumer Confidence Index, which measures consumer sentiment about the future of the nation's economy, stood at essentially the same level in September 1988 as it did at the beginning of the year, and remained substantially above the level that generally signals recession.

The inflation rate edged up in 1988. The Consumer Price Index (CPI) advanced 4.1 percent in 1988, compared to a lower 3.7 percent increase for 1987. Nonetheless, the nation's employment prospects remained optimistic.

The annual civilian unemployment rate declined to 5.5 percent in 1988—the lowest annual rate in this decade. In addition, the number of employed civilians continued to grow, reaching a record number of 115 million individuals. This larger work force, combined with increased consumer spending, helped to fuel the U.S. economic growth in 1988.

1988 was also the year of the drought. Much of the nation's farm belt was ravaged by a lack of rain, injuring the country's harvest of wheat, corn, other grains and soybeans, but food prices were not affected substantially. The drought's main effect on food prices is expected to be felt in 1989.

## Economic growth will continue in 1989

The *Blue Chip Economic Indicators* (October 1988), a consensus forecast of projections for key economic variables by more than 50 top economists, predicts that economic growth in 1989 will continue, but at a more modest pace. Real GNP gains of 2.5 percent are expected in 1989, compared to the higher 4.0 percent increase recorded in 1988. Despite the slowdown, this is still positive news, because an expanding economy correlates with growth in the restaurant industry.

The rate of increase in disposable personal income is also an indicator of foodservice performance. In general, changes in disposable income are closely linked to changes in restaurant sales. Real disposable personal income is expected to increase 2.2 percent in 1989—down from the 3.4 percent advance in 1988.

As a result of this smaller advance, consumer spending in 1989 is expected to grow a more modest 2.0 percent in real terms. Real durable-goods purchases should increase 3.3 percent, while nondurable-goods consumption should experience real growth of 0.3 percent.

Inflation, as measured by the CPI, should also be up in 1989, reaching 4.9 percent. Increased labor costs are expected to fuel the increase, as demand for workers is likely to remain intense. Increases in industrial production will moderate in 1989 to 3.1 percent—down from the 5.5 percent gain in 1988.

Housing starts are expected to decline slightly to 1.4 million units, and car sales (both domestic and imports) should fall from 10.6 million units in 1988 to 10.1 million units in 1989. Higher interest rates are forecast for 1989, with the annual average prime rate for the year estimated to be 10.0 percent.

## Travel and tourism

The weaker U.S. dollar overseas has encouraged and will continue to encourage foreigners to visit the United States. Moreover, a weaker dollar makes foreign travel by U.S. citizens more expensive, which encourages them to spend more holidays within the nation's borders.

Consequently, the outlook for travel and tourism in 1989 is good. According to the U.S. Travel and Tourism Administration, the number of foreign visitors to the United States will exceed 31 million—up 4 percent over 1988, with exceptional growth expected for Asian visitors, including those from Japan. Receipts from foreign-visitor spending are expected to advance to $31.4 billion in 1989.

### The top five U.S. destinations favored by overseas visitors in 1987

| Rank | Destination |
|---|---|
| 1 | California |
| 2 | New York |
| 3 | Florida |
| 4 | Hawaii |
| 5 | Washington, DC |

**Source:** U.S. Travel and Tourism Administration

### The employment profile: 1985–1989

*Civilian employment is continuing to grow*

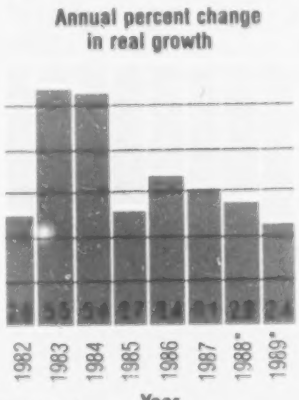
| Year | Civilian employment (000) | Civilian unemployment rate |
|---|---|---|
| 1985 | 107,150 | 7.2% |
| 1986 | 109,957 | 7.0 |
| 1987 | 112,440 | 6.2 |
| 1988* | 115,000 | 5.5 |
| 1989* | 116,600 | 5.5 |

**projected*

**Sources:** Bureau of Labor Statistics; *Blue Chip Economic Indicators*

### Annual percent change in eating-place sales: 1982-1989 (constant dollars)

*In 1989 eating places should post the lowest level of real sales growth by this segment since 1982*




**projected*

**Source:** National Restaurant Association

## A snapshot of the economy in 1989

- **Continued but moderate growth:** Real GNP up 2.5 percent
- **Inflation rate edging upward:** CPI advancing 4.9 percent
- **Positive but smaller advances in disposable income:** Real disposable personal income will increase 2.2 percent
- **Low unemployment to continue:** Civilian annual unemployment rate at 5.5 percent
- **Higher interest rates:** Annual average prime rate at 10.0 percent

**Source:** *Blue Chip Economic Indicators*

# LEGISLATIVE AND REGULATORY ISSUES

A number of legislative and regulatory issues that could have a direct effect on foodservice will be before Congress in 1989. Many of these issues will be carried over from 1988—a year in which intense grassroots lobbying efforts by the foodservice industry and other business groups prevented a number of restrictive legislative and regulatory measures from being enacted.

Government action on labor issues in 1989 will present the greatest concern to the foodservice industry. Proposals on the regulatory and legislative slate for 1989 include minimum wage and tip credit, mandated health benefits, mandated parental leave, food and beverage labeling, extension of the Targeted Jobs Tax Credit (TJTC), sanitation and waste-disposal issues, business meal deductions, and regulatory and enforcement issues at the Internal Revenue Service, Department of Labor and Department of Justice.

Much of 1989's regulatory and legislative agenda will hinge on the findings and recommendations of the National Economic Commission, a bipartisan panel created by Congress to come up with workable solutions for reducing the federal budget deficit. Depending on the results of the commission's report and the willingness of the new administration to implement its suggested courses of action, the increase in federal spending could decline in 1989 and tax revenues could rise. The report is scheduled for release in early 1989.

Among the hotly contested proposals that failed to pass in the 100th Congress were proposals backed by organized labor to raise the minimum wage, to mandate up to 10 weeks of parental leave every two years for workers, and to mandate employer-paid health benefits for all full-time employees. A key bill dealing with occupational-risk notification also failed to make it through the 100th Congress. Successful lobbying by business forces convinced legislators that the proposed expansion of the federal role in protecting workers was not justified.

***The foodservice industry achieved noteworthy accomplishments in stopping harmful legislation from becoming law in 1988.***

The foodservice industry achieved noteworthy accomplishments in stopping other harmful legislation from becoming law in 1988. Part of the welfare reform proposal contained a provision that would have eliminated the deductibility of business-meal expenses for high-income individuals and unincorporated businesses. The amendment was later dropped from the bill; however, many lawmakers remain convinced that eliminating business-meal deductions is a politically acceptable means of raising revenues. There could well be further action on this subject next year.

In 1988 Congress instituted legislation requiring mandatory health warnings on all alcoholic-beverage containers. The labels must warn of the dangers of drinking and driving and caution pregnant women about the effects of alcohol consumption. Foodservice lobbyists effectively fought to keep that labeling off carafes, pilsners or similar retail containers.

***Massachusetts became the first state to require universal health insurance for almost all employees. Other states may act on similar measures in 1989.***

Late in the 100th session of Congress, the House and Senate passed the Tax Technical Corrections Act, which gave a one-year extension to the TJTC—a tax credit to organizations that employ disadvantaged youths, the mentally retarded and the handicapped. The one-year extension also tightened eligibility requirements for those allowed to receive the TJTC tax credit. This measure will receive continued attention in 1989, as advocates work for its extension through 1990.

The industry did suffer one major setback in the government arena in the 100th Congress. End-of-the-year reconciliation legislation in 1987 contained a provision to require restaurant operators to pay FICA on *all* reported tips starting in 1988, rather than just on those tips used to satisfy minimum-wage requirements, which is what the prior law required. However, by the end of the 100th Congress, 64 cosponsors had signed on to a bill that would effectively repeal the FICA tax on *all* reported tips. The National Restaurant Association will be pushing for the passage of this bill in 1989.

Environmental issues received substantial attention on both state and local levels in 1988, and should continue to do so in 1989. 1988 saw increased state and local regulation of waste disposal, packaging, smoking, and use of chlorofluorocarbons (CFCs) and plastics. Parental-leave and mandatory-health benefits also were important matters, as Massachusetts became the first state to require universal health insurance for almost all employees. Other states may act on similiar measures in 1989.

### Food-related regulations

The Food and Drug Administration (FDA) issued regulations in 1988 that will affect the industry through 1989. The agency's opinion on the sous-vide cooking process undoubtedly halted many plans to implement this vacuum-sealed method of food preparation. FDA officials described the process as "fraugnt with danger" because of its potential to harbor harmful bacteria if the strictly controlled system is not properly followed. Although operators can use vacuum-packaged foods that have been prepared in a USDA-inspected manufacturing facility, FDA believes that food, which is vacuum packed, cooked and chilled in foodservice establishments, constitutes an un-

**The National Restaurant Association's on-going consumer research reveals**

Italian, Chinese and Mexican foods rank first, second and third as popular ethnic foods in restaurants.

Over 50 percent of all consumers visit a restaurant on their birthday—the most popular restaurant holiday. Mother's Day and Valentine's Day are second and third.

Hamburgers and cheeseburgers are the most popular sandwich items.

Newspapers are the most common advertising media used by restaurants.

Six out of ten consumers are very interested in nutritional menu items at tableservice restaurants.

Soft drinks are the most popular restaurant beverages. Coffee is second and tea is third.

The favorite takeout foods are hamburgers, french fries, chicken and pizza.

Between 1982 and 1987, restaurant takeout traffic grew 28 percent compared to 5 percent for on-premises traffic.

# 1988 - 1989 Foodservice Industry

| | |
|---|---|
| 1989 Sales | $227.3 billion |
| Units | 626,000 |
| Employees | 8 million |
| Foodservice Share of the Food Dollar | 41 percent |

## National Restaurant Association Pocket Factbook

## 1988-89 Officers

**Jim L. Peterson**
Chairman of the Board and President
**Harris H. Rusitzky**
Vice President
**Michael E. Hurst**
Treasurer

## Foodservice—First in number of units

| | |
|---|---|
| Commercial Foodservice | 454,000 units |
| Institutional Foodservice | 171,000 units |
| Military Foodservice | 1,000 units |

## Foodservice sales have risen dramatically since 1970

| Year | Sales (billion $) |
|---|---|
| 1970 | $ 42.8 |
| 1975 | 70.3 |
| 1980 | 119.6 |
| 1985 | 178.4 |
| 1989 | 227.3 |

## Foodservice Sales

**Projection, 1989: $227.3 billion**

| | Sales 1989 (billion $) |
|---|---|
| **Commercial Foodservice** | |
| Eating Places | $147.1 |
| Drinking Places | 10.3 |
| Foodservice Contractors | 12.8 |
| Hotel/Motel Restaurants | 13.9 |
| Retail, Vending, Recreation | 17.9 |
| | $202.0 |
| **Institutional Foodservice** | |
| Businesses, schools, hospitals, nursing homes and others which operate their own foodservice | $ 24.2 |
| **Military Foodservice** | |
| Base exchange, officers' and NCO club foodservice | $ 1.1 |
| **Projected 1989 Sales Total** | $227.3 |

## Foodservice—An integral part of our nation's economy

- Foodservice will achieve a real gain in sales of 2.2 percent in 1989.
- Foodservice industry sales equal nearly 5 percent of the U.S. Gross National Product.
- Foodservice sales are forecast to advance at a 6.7 percent compound annual rate between 1986 and 1989.
- The proportion of the food dollar spent away from home in 1986 was 41.1 percent, up from 25.0 percent in 1950.
- Food and beverage purchases will total $85.3 billion in 1989.

## For further information, contact:

National Restaurant Association
1200 Seventeenth St., N.W.,
Washington, DC 20036
202/331-5900 or 800/424-5156

## Foodservice—The number one retail employer

- Over 8 million persons are employed in the foodservice industry.
- Almost two-thirds of those in foodservice occupations are women.
- The foodservice industry is expected to employ 11.4 million workers by the year 2000.
- The demand for cooks and waitstaff will continue throughout the end of the century as employment in each occupation is forecast to increase by 46 percent by the year 2000.
- Eating and drinking establishments are continuing to employ more minorities. In 1987, almost 13 percent of those in foodservice occupations were Black and over 9 percent were of Hispanic origin.
- Total annual wages and benefits equal $24 billion for restaurants and lunch rooms, and $16 billion for fast food establishments.

## Chains & franchises grow in importance

- Sales at franchise restaurants reached $52.3 billion in 1986, an increase of almost 10 percent over 1985.
- Over 2.4 million people were employed at franchise restaurants in 1986.
- United States franchise restaurant firms operated 6,769 international units in 1986.
- In 1988, foodservice franchisors expected to have 91,000 units in operation, with sales of $63.0 billion.

## Foodservice—First in daily customer contact

- Americans eat out an average of 3.7 times a week or 192 times a year.
- Men eat out more frequently than women, 4.2 times per week versus 3.4 times.
- Per person check averages $3.52.
- Lunch is still the leading meal eaten away from home. Over half of all consumers eat lunch out at least once a week while 49 percent dine out for dinner and 18 percent eat breakfast out at least once a week.

## Foodservice is a ladder to management opportunity

- Foodservice employs more minority managers than any other retail industry.
- Over half of all foodservice managerial and administrative personnel are women.
- Managerial and management-related workers employed in eating and drinking places will increase over 50 percent between 1986 and 2000.
- Over 575,000 individuals are employed in a supervisory capacity in eating and drinking places, a 47 percent increase since 1980.

## Eating & drinking places are mostly small businesses

- Seven out of 10 units have annual sales of less than $500,000.
- Most are single unit (independent) operations.
- About one-half of all units are either sole proprietorships or partnerships.

necessary and significant public health risk. But the FDA also speculates that in the future, "with sufficient research and stringent controls, it might be possible to allow the technology in some retail food establishments."

Given the advantages of the sous-vide method, it is conceivable that equipment manufacturers will fund research in an effort to develop safer procedures that will gain FDA's blessing.

In 1988 the FDA also issued a proposed "Food Protection Unicode." This updated compendium of food-protection and sanitation provisions consolidated several separate model codes covering foodservice, food vending and retail stores, to eliminate inconsistencies and duplications. But the proposed unicode has been widely criticized for being inconsistent, redundant and unreliable and lacking adequate technical review.

Given the amount of negative comments FDA has received, it is conceivable that the proposed unicode will be extensively reworked before it is ready for implementation.

# DEMOGRAPHIC AND LIFESTYLE TRENDS

Changes in lifestyle and demographic patterns will have a direct effect on the foodservice industry in the years to come. Among the major trends are:

□ **Maturing of Americans.** The U.S. population is getting older. According to the U.S. Department of Commerce, Bureau of the Census, the median age of the population in 1970 was 27.9, it is projected to be 32.6 in 1989 and 34.3 by 1994. Meanwhile, the percent of the population over 65 years of age has jumped from 9.8 in 1970 to 12.3 in 1987. This age group is increasing in number more rapidly than any other age group in the country.

Although total household income drops for those past retirement age, the Bureau of the Census estimates that more than 10 percent of households headed by a senior citizen had a yearly income in excess of $40,000. These senior citizens' spending requirements are in many cases lower than those of younger people. For example, a majority of them own their homes, and more than 75 percent of those houses are mortgage-free. This age group also allocates a large portion of its money to food. In 1986 seniors spent almost 17 percent of their annual budget on food, according to The Conference Board.

As a result, restaurant operators are realizing the importance of meeting the foodservice needs of these older consumers by offering foods that are low in salt and more traditional in nature, as well as more easily readable menus. These items are very high on senior citizens' lists of desirables.

Another area of opportunity is likely to be takeout and delivery service, particularly for elderly people who have difficulty getting around.

□ **Household composition.** According to Bureau of Census projections, population growth in the United States is slowing. For 1989 the annual rate of growth is forecast to be 0.91 percent, declining to 0.66 percent by 1997. In addition to the gradual moderation in population growth, there has been a shift in household composition.

Although the number of family households is increasing, those headed by a single parent are growing at a faster rate than those headed by a married couple. According to the Census Bureau, there was a 1 percent increase in the number of family households between 1987 and 1988. Families headed by a married couple advanced 0.5 percent between 1987 and 1988, while single-parent families grew by 2.8 percent during the same time period. This trend has continued throughout the decade. Since 1980 the number of married-couple households has grown by 5.5 percent, but the number of single-parent households has climbed 20.8 percent. In fact, single-parent families represent the most rapidly growing household group. Because single parents often have little time for meal preparation, they show a greater tendency to purchase takeout food than other family types.

Between 1980 and 1988, singles living alone were the second-fastest-growing

### U.S. median population age, 1984-2010

*The U.S. population is aging*

| Year | Median age* (in years) |
|---|---|
| 1984 | 31.1 |
| 1989 | 32.6 |
| 1994 | 34.3 |
| 1999 | 36.0 |
| 2005 | 37.6 |
| 2010 | 38.5 |

*Projected

**Source:** *Projections of the Population of the United States, By Age, Sex and Race: 1983 to 2080*, U.S. Department of Commerce, Bureau of the Census

### Household composition by marital status 1980 vs. 1988

*Single-parent households are increasing*

| Household type | Proportion of total households 1980 | 1988 |
|---|---|---|
| Family | 73.7% | 71.5% |
| Married couple | 60.8 | 56.9 |
| with children under 18 | 30.9 | 27.0 |
| without children | 29.9 | 29.9 |
| Single parent | 12.9 | 14.6 |
| Male | 2.1 | 3.0 |
| Female | 10.8 | 11.6 |
| Unmarried couples | 2.0 | 2.8 |
| with children under 15 | 0.5 | 0.9 |
| without children | 1.5 | 1.9 |
| Women living alone | 14.0 | 14.4 |
| Men living alone | 8.6 | 9.7 |

**Source:** *"Households, Families, Marital Status and Living Arrangements: March 1988," U.S. Department of Commerce, Bureau of the Census*

### U.S. population growth: 1987–1997

*The rate of population growth should slow through the 1990s*

| Year | Population* | Annual percent change |
|---|---|---|
| 1987 | 243,084,000 | — |
| 1988 | 245,302,000 | 0.91 |
| 1989 | 247,498,000 | 0.90 |
| 1990 | 249,657,000 | 0.87 |
| 1991 | 251,767,000 | 0.85 |
| 1992 | 253,817,000 | 0.81 |
| 1993 | 255,800,000 | 0.78 |
| 1994 | 257,714,000 | 0.75 |
| 1995 | 259,559,000 | 0.72 |
| 1996 | 261,339,000 | 0.69 |
| 1997 | 263,060,000 | 0.66 |

*Projected, middle series

**Source:** *U.S. Department of Commerce, Bureau of the Census*

household group, increasing in number by 19.6 percent. Although there was a 0.2 percent decline between 1986 and 1987, the number of single-person households grew 3.6 percent between 1987 and 1988 to resume the growth trend seen earlier in the decade. This upsurge in single-person households is good news for the foodservice industry, because singles spend a relatively large proportion of their food dollar away from home and eat out more frequently than other consumers do.

## Eating expenditures by household composition: 1986

| Household | Percent of total budget: At home | Away from home |
|---|---|---|
| **Total households** | **14.2%** | **4.7%** |
| Married households | | |
| oldest child under 6 | 13.8 | 3.4 |
| oldest child 6 to 17 | 15.4 | 4.2 |
| oldest child 17+ | 15.0 | 5.0 |
| no children | 13.4 | 4.8 |
| Other households | | |
| with children | 19.0 | 3.9 |
| without children | 12.8 | 5.7 |

**Source:** *How Consumers Spend Their Money*, Consumer Research Center, The Conference Board, Inc., 1986

## Population* of children: 1984 to 1999 (in thousands)

| Age | 1984 | 1989 | 1994 | 1999 |
|---|---|---|---|---|
| Under 5 | 18,232 | 19,142 | 18,823 | 17,774 |
| 5–9 | 16,219 | 18,371 | 19,281 | 18,965 |
| 10–14 | 17,295 | 16,402 | 18,552 | 19,462 |
| **Total** | **51,746** | **53,915** | **56,656** | **56,201** |

**projected*

**Source:** *Projections of the Population of the United States, By Age, Sex and Race: 1983 to 2080*, U.S. Department of Commerce, Bureau of the Census

In addition to the changing composition of households, there has been an increase in the annual number of births. According to the Census Bureau, the fertility rate for all women in the United States climbed 0.7 percent between 1987 and 1988, and 4.6 percent between 1983 and 1988. This increase in children has resulted in more parents taking their offspring out to dine with them. According to CREST*, the number of occasions at which the dinner party included a child increased 20 percent between 1982 and 1987, while the number of adults-only parties decreased 1.4 percent over the same period. This trend can be observed across all restaurant types and categories.

A 1985 study in the *Journal of Consumer Marketing* showed that 43.4 percent of parents surveyed said their children influenced their choice of restaurants. To meet the needs of these families, restaurateurs should consider adding children's menus and smaller portions. In a 1988 National Restaurant Association survey, 59 percent of the respondents said they favor menus for children. Many restaurants already offer children's menus, except those where the average check is $25 per person or higher. According to a National Restaurant Association tableservice operator survey, 70 percent of tableservice restaurants with per-person dinner checks averaging less than $8.00 offer children's menu items. Seventy-nine percent of those with per-person checks averaging $8.00 to $14.99 offer kids' menus, and 60 percent of those with checks averaging $15.00 to $24.99 offer children's menus.

□ **Growth of minorities.** As has been the trend in recent years, there will be continued population increases among Hispanics and Asians. According to the Bureau of the Census, during the first five years of this decade, the Asian population grew to more than 5.1 million—a 48.5 percent increase—and the Hispanic population escalated to 18.8 million by 1987.

Based on regional census information, both of these groups have historically had a pattern of high geographic concentration, with the majority of Hispanics residing in California or Texas and most Asians locating in California, Hawaii and New York. However, both groups are relocating to other areas of the country, particularly into the South and the Midwest. With this migration of Hispanics and Asians into new areas, subsequent changes in regional cuisines can be expected.

Because the Asian population has the highest rate of growth among minorities, it will become an increasingly important market for the industry.

According to a 1988 report published by the U.S. Commission on Civil Rights, the average family income of some Asian subgroups is among the highest of any racial or ethnic group.

As a minority group, Asian Americans have a very diverse background. With new immigrants coming from India, Korea, Vietnam and the Philippines, they are adding new dimensions to the Asian population, which has largely consisted of Japanese and Chinese immigrants. These groups, with their distinct cultures, preferences and tastes, will become a more important market for foodservice operators.

The Hispanic market continues to grow rapidly as well; and according to the Bureau of the Census, it will reach 30 million by the year 2000. A study published by the American Management Association in 1988 pointed out that more than three-quarters of Hispanics feel that they are Hispanic first and American second. The Hispanic market, like the Asian market, is extremely diverse and calls for a targeted marketing effort, especially in Spanish. (See the Marketing/Advertising section of this forecast for a look at Hispanic media usage.)

□ **Increased focus on the home.** With the number of households on the rise, it is not surprising to see an increased interest in being at home.

Many consumers have had a sense that leisure time is decreasing. According to a poll by Louis Harris, the average American had 16.2 hours a week of leisure time in 1987, down from 26.2 hours a week in 1973. Furthermore, a 1988 study by Decision Research Corporation found that less than one-half of U.S. adults

**CREST stands for Consumer Reports on Eating Share Trends, a diary survey conducted by the NPD group.*

felt they had sufficient leisure time. Consumers are spending more time away from home, with many also saying that pressure at work is on the rise.

This increased amount of stress is bringing about a new definition of "home." According to Langer Associates Inc., home is taking on a sense of stability, security and sanctuary from the outside world. Many people are finding it a refuge from employment pressures, and they want the time at home to unwind after a long day. A 1988 survey by Decision Research Corporation on leisure found that 75 percent of Americans spend their whole evening at home. For many people this unwinding at home includes using delivery and carryout service, and relaxing in front of the videocassette recorder (VCR).

According to 1988 National Restaurant Association research on consumers' dinner decisions, dinner delivery service from restaurants is popular with singles and families with children. Similarly, restaurant carryout service is popular with these groups as well as with individuals less than 30 years old. For the most part, the decision to use either delivery service or restaurant takeout is spontaneous, and one of the major reasons cited for using either is convenience. Both takeout and delivery services allow consumers to savor restaurant food in the privacy of their own homes.

At home, the VCR is more popular than ever. According to *Research Alert*, it is estimated that VCR household penetration stood at 57 percent in the spring of 1988—an increase of 11 percent over the summer of 1987. A 1986 study by the Roper Organization indicates that watching a movie on the VCR was preferred to going out to a theater by more than 60 percent of the consumers surveyed in that study.

With VCR penetration continuing to grow and leisure time decreasing, the foodservice industry will continue to benefit by providing increased takeout and delivery service of complete meals for consumers opting to dine and relax in their residences. Midscale and upscale establishments can increase their share of this market by responding to consumer demand for quality and variety. Additionally, opportunities for off-premises catering are likely to grow in response to increased home entertaining.

## Nutrition and health

The first "Surgeon General's Report on Nutrition and Health" was released by the U.S. Department of Health and Human Services in 1988. The report's primary conclusion was that overeating is a problem for many Americans, especially the disproportionate intake of fatty foods at the expense of foods high in fiber and complex carbohydrates. The Surgeon General recommended more public education on the relationship between diet and disease. The food industry was cited for its potential to improve the quality of the American diet by increasing the availability of palatable, easily prepared foods that meet the dietary guidelines.

With these recommendations in mind, the Kaiser Family Foundation has committed close to $3.5 million to fund a three-year public education campaign. The goals of "Project Lean" are to reduce Americans' dietary fat intake and to increase the availability of low-fat foods through supermarkets, restaurants and cafeterias. Efforts such as this will not only serve to raise the public awareness of the relationship between diet and disease but should also help Americans make better food choices that will improve their overall diets.

On the horizon are other programs and technological developments that will assist the public in improving their eating habits. It is anticipated that the Food and Drug Administration (FDA) will allow food manufacturers to make certain health-benefit claims about their products. Furthermore, the American Heart Association is initiating a product-approval program. Foods that meet the group's dietary guidelines will be permitted to bear the heart association's mark of approval. This will help consumers identify heart-healthy foods and provide assurance of optimum nutrition beyond the manufacturers' claims.

Foodservice patrons, too, have the opportunity to choose more healthful menu items. According to a recent survey of chain operators (350-plus units) of fast food and family restaurants conducted by the National Restaurant Association, only 5 of the 28 respondents use an animal-vegetable shortening blend (a source of saturated fat) exclusively for frying in their operations. Either vegetable oil or vegetable shortening (unsaturated fat) is used exclusively by 16 of the 28 respondents. Close to three-quarters of those surveyed represent quickservice operations, yet menu items included a variety of healthful foods for nutrition-conscious consumers. The majority offer decaffeinated coffee, entree salads or a salad bar, fruit juices, reduced or low-calorie salad dressings, low-fat milk and a nonfried sandwich.

Food manufacturers also are developing products that allow operators to serve foods with improved nutritional value. Introduced to the retail market a few years ago, canola oil is now available for foodservice use. Canola oil, similar to olive oil in nutrient composition, is high in monounsaturated fat but also meets the major criteria for a frying fat with bland, stable flavor and a high smoke point. Manufacturers of frozen potato products are now frying some products in canola oil and vegetable oils. Lower-fat varieties of traditional foods, like sausages and cold cuts, are being distributed through foodservice channels.

Developments in the area of food technology will result in palatable products with improved nutritional value. Two new fat substitutes, Simplese and Olestra, are undergoing the FDA approval process. Foods manufactured with these products will have characteristics similar to those of their regular counterparts but with fewer calories. The FDA recently approved a new sugar substitute, Acesulfame-K, and new, improved salt substitutes are in the works.

Finally, participants in the National Restaurant Association's 1988 Delphi study of foodservice in the year 2000 predict that nutritional concerns will continue to be critical to menu development. They also believe that lower-calorie menu items will be commonplace and that chefs will be able to achieve rich flavors without the addition of fats and salt. The Delphi panelists see foodservice outlets offering more fish and poultry, as well as fresh, natural and wholesome foods.

# INDUSTRY TRENDS

## Food, beverage and menu trends

To exercise their creativity and woo patrons, chefs seem more willing to experiment with unusual foods. This, coupled with a keen societal interest in food and cooking, has yielded some of the most original menus patrons have seen in some time. From fine dining establishments to quickservice restaurants, operators are expanding menus and breaking tradition to meet the demands of their increasingly sophisticated patrons.

"Fresh is best" seems to be the battle cry of chefs. More of them are building purchasing relationships with local farmers in order to guarantee a steady supply of high-quality produce. During the peak summer months of produce production, some chefs have bought the majority of their produce from neighboring farmers. And the trend is likely to continue. More and more of our domestic acreage is being used to raise specialty produce, even in nontraditional farming states. Plus state agricultural programs are encouraging financially stressed farmers to diversify into the specialty produce demanded by chefs.

An offshoot of the movement toward fresh ingredients is the proliferation of regional American dishes. American cuisine is finally recognized in international culinary circles, and most chefs are proud of this. Taking advantage of local, fresh ingredients, many chefs are featuring traditional regional dishes. Some are updating old-style recipes and preparation methods; others are Americanizing old ethnic favorites, like the chef in the Pacific Northwest who fills ravioli with crabmeat and hazelnuts.

According to the U.S. Department of Agriculture (USDA), poultry and fish consumption is expected to be up in 1989, and meat should continue to lose ground. Not all of this increase in fish consumption will be seen by restaurants; recent data indicate that although fish and seafood consumption is rising, less is being eaten in restaurants. In fact, CREST data shows restaurant fish orders declined 3.3 percent between 1982 and 1987. Shellfish was the only type of fish that gained popularity in foodservice establishments in 1987, with orders increasing 4 percent.

Possibly fish orders are being crowded out by ethnic dishes that continue to tantalize diners. Mexican and Asian segments have been among the fastest-growing ethnic concepts, with Italian restaurants close behind, due to the rapid expansion among chains. Until recently, Italian restaurants were operated largely by independents. But chain operators are now taking advantage of the opportunity to expand into this market since Italian food continues to lead the list of ethnic favorites.

Food bars are another concept that should remain popular in 1989. A Gallup survey conducted for the National Restaurant Association in 1988 reveals that 63 percent of adults who had visited a restaurant in the 30 days prior to the survey had made purchases from a salad or self-service food bar. The menu expansion provided by a food bar raises check averages, increases traffic and encourages repeat visits. Food bars can be expensive to maintain because of high labor and equipment costs, but 60 percent of consumers surveyed wish food bars were more widely available in tableservice restaurants.

According to a 1988 National Restaurant Association Gallup survey, restaurant patrons continue to be concerned about nutrition. Fifty-nine percent of respondents ranked nutritious menu items second on a list of 10 features they would like to see at tableservice restaurants. According to data from the Food Marketing Institute, the fat, sodium and cholesterol content of foods are the top three consumer concerns.

Restaurateurs are already responding to the interest in nutrition. The association's 1988 survey of tableservice operators shows that the vast majority will alter menu items on request to satisfy nutrition concerns. A majority offer items for nutrition-conscious consumers, and one-third to one-half feature menu items based on their nutritional benefits.

Chefs and food manufacturers are also developing cooking methods and recipes that reduce the fat and cholesterol levels of foods. Grilling has gained prominence on menus and operators are experimenting with other low-fat cooking techniques. In California, for example, chefs have begun to adopt the hot-rock cooking method, which involves no fat. Patrons cook thinly sliced, skewered raw meat, fish and vegetables on a slab of hot (300-500° F) granite. The finished product can be eaten plain, dipped in sauce or wrapped in soft flour tortillas, a dish one innovative restaurateur has termed "rockjitas."

In concert with the trend toward lower-fat food, grains are gaining a notable place on restaurant menus. Once restricted to health food stores and natural food restaurants, unusual grains such as amaranth, quinoa, spelt and aromatic rices have begun to move into mainstream restaurants, lending full-bodied flavors and interesting textures to dishes without driving up the fat and calorie content. Because of recent findings that oat bran in conjunction with a heart-healthy diet helps to reduce blood cholesterol levels, oats have gained particular respect in the public's eyes.

Changes in foodservice liquor sales reflect trends in alcoholic-beverage consumption. Patrons are drinking less in restaurants, but they seem willing to pay for premium wine, beer and spirits. Premium and imported beers are gaining an increasing share of beer

**Consumer interest in tableservice-restaurant features, 1988**

*More than 75 percent of consumers are interested in separate smoking and nonsmoking sections*

| Feature | Percent very interested | Percent interested |
|---|---|---|
| Separate smoking/nonsmoking sections | 74.0% | 4.0% |
| Menu items for nutrition-conscious customers | 59.0 | 17.0 |
| Children's menu items | 59.0 | 8.0 |
| Food/salad bars | 53.0 | 18.0 |

**Source:** National Restaurant Association Gallup Survey, 1988

sales, thanks to perceived value, especially when compared to the price of wine. Among other spirits, specialty liquors (cognac, brandy, etc.), vodka, tequila and schnapps are experiencing growth in an otherwise flat market. Experts speculate that consumption of imported vodka is status related; the rise in tequila consumption correlates with the growth of Mexican restaurants; and schnapps appeals to the young and health-conscious as an alternative to hard liquor.

Interest in American wines, especially regional varieties, is growing. Not only are the wines perceived to be a natural complement to regional American dishes, but domestic vineyards are also producing and marketing more wines. Finally, according to the Beverage Marketing Corporation, bottled-water purchases continue their meteoric climb; per-capita consumption is expected to increase at a rate of about half a gallon per year through 1996. Consumers seem to favor bottled water over tap due to reports questioning the safety of the water supply. Plus the interest in bottled water seems to correlate with the decrease in alcoholic beverage consumption.

## Menu analysis results

Food consumption has changed dramatically in the last decade, and restaurant menus reflect this. An association study of the changes in restaurant menus over a six-year period (1982-1988) shows that patrons have a wider selection of foods, cooking methods and ethnic dishes to choose from when eating out. One hundred menus (lunch and dinner) were randomly selected from those submitted to the National Restaurant Association's Great Menu Contest for analysis. Fifty were chosen from the 1982 entrants and 50 from 1988.

The 1988 menus offered a greater number of foods than the 1982 menus. The expansion in variety is particularly apparent in the appetizer category (excluding soup); a total of 312 appetizers appeared on the menus in 1982, versus 444 in 1988. Pizza, pasta, meat and Mexican-type appetizers were big gainers over the six-year period. The growth of appetizers gives patrons the opportunity to sample a number of new foods and suggests that Americans still enjoy "grazing." And the increase in the number of meat appetizers may signal a shift from ordering meat entrees to smaller-portioned appetizers.

More entrees (846) were on the 1988 menus than on the 1982 menus (782), and greater variety was offered among the 1988 selections. Although seafood and fish dishes accounted for the largest (26 percent) percent of entrees in 1988, they declined from 31 percent in 1982. This decline supports other data indicating that consumers are less likely to order fish now than they were in 1982. The decrease in fish orders, however, could be attributed to more adventurous eating habits. Of the entrees on the 1982 menus, three-quarters (76 percent) were concentrated among three categories—seafood and fish, meat and poultry. In 1988, 93 percent of the entree sections included Mexican entrees and pasta in addition to seafood/fish, meat and poultry. This, coupled with the appearance of underutilized fish species, traditional Mexican entrees and the influence of Cajun cuisine, indicates that patrons want new eating experiences.

A more adventurous dining public is also hinted at in the variety of produce and ingredients used in salads on the 1988 menus. Despite a slight decline in the number of side salads (from 92 in 1982 to 86 in 1988), side salads included a wider variety of ingredients (greens, vegetables, cheeses, etc.). Hearts of romaine were updated with jicama and goat cheese, radicchio replaced bibb lettuce, and curly endive was paired with duck breast and cherry vinegar. The fascination with flavor can be seen in the increased variety of vinaigrette dressings. The 1982 menus carried three: herb, tarragon and a hot vinaigrette. By 1988 the number had reached 13, and included exotic varieties such as balsamic, creole, cilantro chili and orange ginger.

Cooking methods, too, are changing. The growth of grilled chicken is a good example. The number of grilled-chicken dishes (entrees, sandwiches and salads) exploded between 1982 and 1988—from six items to 46. More grilled fish also appeared in the 1988 menus, and the Cajun blackening method was used not only on fish but on hamburgers, steaks and chicken as well.

The number of desserts grew slightly over the years, with frozen desserts experiencing the biggest expansion. The 1988 menus also displayed more exotic sundaes (macadamia nut, hot fruit and white-chocolate ice cream with liquor sauce), less sherbet, and more sorbet and fountain treats. Patrons seem to want desserts they do not prepare at home. Cake appeared on fewer menus in 1988 than in 1982, and pastries grew from 5 percent to 9 percent of the dessert category.

Among beverages, instant decaffeinated coffee virtually gave way to brewed decaffeinated coffee during the six-year period. In 1982 15 menus featured instant decaffeinated coffee and brewed decafe was nowhere to be found. Conversely, 20 menus in 1988 had brewed decaffeinated coffee, while only three retained instant decaffeinated. Overall, the difference between the 1982 and 1988 menus reflects a more knowledgeable patron who knows good food, desires variety and is unwilling to compromise quality.

### Takeout

With the foodservice market becoming more competitive than ever before, successful operators will continue to define specific market niches and go after those target groups with strong marketing campaigns. One area seeing increased attention is takeout.

According to a National Restaurant Association survey, nearly nine out of 10 tableservice restaurants with dinner checks averaging less than $8.00 per person provide ready-to-eat carryout, and 82 percent of those in the $8.00 to $14.99 category do so. Takeout is an appealing convenience to some consumers when it is offered at tableservice restaurants. Twenty-five percent of the survey respondents said that they would be likely to purchase such meals at tableservice restaurants if they knew they were available. Many restaurateurs are expanding successful takeout concepts and developing new ones in order to tap this growing market. 1989 should see an emphasis on upscale takeout as more of these establishments make an effort to meet customer demand for convenience.

### Delivery

Delivery service should also expand over the next few years. A substantial number of establishments already offer delivery. According to

a National Restaurant Association survey, about one-third of tableservice restaurants deliver menu items to customers, although they often do not promote that service. Furthermore, 18 percent of consumers report that they are very likely to use delivery service if it is available at tableservice restaurants —— technological advances in food preparation and packaging will also improve the quality and expand the variety of possible delivery offerings.

## Distribution of purchased-lunch occasions, 1987

*Employee cafeterias and dining rooms captured the largest share of noontime occasions*

| | Share of occasions |
|---|---|
| Employee cafeteria/dining room | 26% |
| Fast food restaurant | 24 |
| Tableservice restaurant | 21 |
| Deli/carryout | 11 |
| Convenience store | 5 |
| Vending machine | 4 |
| Grocery store | 4 |
| Mobile caterer | 2 |
| Street vendor | 1 |
| Other | 2 |

**Source:** National Restaurant Association Gallup Survey, 1987

## Consumer interest in restaurant features

With so many restaurants to choose from, it's important for establishments to appeal to the special needs of customers. What are some of the things consumers want? In a National Restaurant Association 1988 Gallup survey, three-fourths of the respondents noted that they are very interested in separate sections for smokers and nonsmokers. Sixty percent find the idea of children's menus and nutritious items very attractive, and just slightly more than one-half of respondents expressed great interest in self-service salad or food bars. Other features that appeal to consumers include:

- on-premises baking
- daily and seasonal menu changes
- display cooking
- dessert displays and
- live entertainment.

Although pizza will undoubtably retain its title as the delivery king, consumers can expect to see more delivery offerings of ethnic food, in particular Asian food. Small "delivery-only" kiosks should continue to pop up across the country. These outlets have the cost advantages of being lean staffed and of having lower overhead. There will likely be an increase in promotions for delivery items as well as greater use of guaranteed delivery times, as operators seek to differentiate themselves from their competitors.

## 1988 quarterly traffic growth*

*During summer 1988 there was a decline in traffic growth in all segments except quickservice restaurants at dinner*

| | Winter | Spring | Summer |
|---|---|---|---|
| **Breakfast** | | | |
| All restaurants | −1.9% | 4.3% | −4.8% |
| Quickservice restaurants | nc** | 10.9 | −3.9 |
| Midscale restaurants | −4.2 | −4.9 | −6.8 |
| Upscale restaurants | −3.6 | 11.5 | −1.8 |
| **Lunch** | | | |
| All restaurants | 4.6% | 0.3% | −2.8% |
| Quickservice restaurants | 4.7 | 1.6 | −1.7 |
| Midscale restaurants | 3.6 | −3.3 | −3.7 |
| Upscale restaurants | 7.7 | 1.4 | −10.7 |
| **Dinner** | | | |
| All restaurants | 4.0% | 0.6% | −0.6% |
| Quickservice restaurants | 6.7 | 1.9 | 2.5 |
| Midscale restaurants | −3.2 | −2.8 | −5.1 |
| Upscale restaurants | 3.1 | −0.3 | −7.8 |

*percent change is over the same period a year ago; **no change **Source:** NPD CREST, *Quarterly Household Reports*, 1988

### Meal-period update

□ **Breakfast.** The breakfast market continued to show signs of sluggishness in the first half of 1988. Total breakfast traffic for the first three quarters was down 0.4 percent when measured against the same period in 1987. The year did not start out well for the breakfast meal period, as traffic in the first quarter of 1988 declined 1.9 percent. However, breakfast patronage revived in the second quarter, with customer visits rising 4.3 percent over 1987's level. This healthy increase was driven by breakfast promotions at several major fast food chains. However, breakfast traffic declined 3.3 percent in the third quarter.

The greatest breakfast gains are being made in off-premises traffic. Off-premises breakfast traffic gained 7.3 percent and 17.1 percent, respectively, in the first and second quarters of 1988 and advanced 4.9 percent in the third quarter—a quarter in which breakfast traffic decreased. These figures show an improvement in the long-term trend for breakfast and morning-snack takeout, which rose 18 percent between 1982 and 1987.

Competition is expected to remain tight in the breakfast market in 1989, with most growth coming from off-premises consumption. Restaurants are competing with each other and facing stiff opposition from food companies marketing at-home breakfast products. In addition, convenience stores and grocery stores are making inroads into the away-from-home breakfast market.

The National Restaurant Association's 1988 special CREST study on the takeout market revealed the demographic characteristics of frequent breakfast takeout buyers. Singles, yuppies, working parents, affluent traditional families, 25 to 34-year-olds and higher-income groups reported above-average use of breakfast takeout in 1987.

□ **Lunch.** After showing steady growth in 1987, lunchtime traffic was up a

robust 4.6 percent in the first quarter of 1988, before slowing to a 0.3 percent growth rate for the second quarter and then declining 2.8 percent in the third quarter. Overall lunch-traffic advances have been led by increased customer interest in takeout. Takeout traffic increased 10.4 percent and 3.6 percent, respectively, for the first and second quarters of 1988 before flattening in the third quarter.

Gains in civilian employment, projected to 116.6 million in 1989, should help fuel lunchtime business. But the competition for midday customers is fierce, and the lunch market for employed consumers is changing, according to a National Restaurant Association Gallup survey. Survey results show that purchased lunches rival brown-bags for top market share. With more than half of daytime workers having access to microwave ovens to heat up lunches brought from home or purchased for takeout, lunchtime options have multiplied.

Furthermore, employee cafeterias are becoming more prominent in today's workplace. According to the association's Gallup survey, employee cafeterias and dining rooms captured the largest share of lunch occasions, followed by fast food and tableservice restaurants.

The weekend lunch is showing promise as well. After a busy workweek, many Americans seem less inclined to spend their weekends in the kitchen, fueling a 30 percent advance in weekend lunch takeout traffic between 1982 and 1987.

□ **Dinner.** Dinner has posted the strongest gain among the three meal periods. This is largely due to a dramatic rise in takeout use during the evening. Off-premises traffic at dinner was up 10.2 percent and 3.0 percent, respectively, in the first and second quarters of 1988, after rising 49 percent between 1982 and 1987. Third quarter dinner-takeout traffic was up 4.8 percent in 1988. Total dinner visits advanced 4.0 percent in the first quarter of 1988 and had a modest 0.6 percent increase in the second quarter before declining 0.6 percent in a weak third quarter.

Demographic changes have had a strong effect on the dinner market and on takeout in particular. The National Restaurant Association's 1988 CREST study on takeout reveals that dinner takeout appeals strongly to affluent traditional families, singles and yuppies, as well as working parents and single parents. These groups all reported above-average use of dinner takeout in 1987.

Dinner should continue to offer opportunities to restaurateurs in 1989. Convenience will be as important as ever to consumers. With many in the "baby boom" segment starting to raise families, these households are likely to purchase dinner takeout meals as they juggle career and child-raising responsibilities.

# MARKETING/ ADVERTISING

Success in the restaurant industry depends on the operator's ability to reach consumers, give them what they want and differentiate his or her establishment from the competition. Today, successful marketing means being "top of mind" or first on a consumer's mental list of restaurants. Restaurants that are neither well-known nor outstanding in terms of product and service will have difficulty prospering in this "survival-of-the-fittest" environment.

### Survival of the fittest

Today customers have a wide variety of restaurants to choose from that provide the basics—high-quality food, satisfactory service, cleanliness and acceptable value for the price. To stand out, establishments must not only meet these standards, but they must also differentiate themselves from others.

Those that satisfy their customers' needs and have high market recognition are doing well. On the other hand, establishments that do not have "top-of-mind" recognition may thrive because they provide a superior quality product and higher level of service. Restaurants that are neither well known nor outstanding in terms of service and product will have difficulty surviving.

### Direct mail

Needless to say, bringing a restaurant to the attention of the public is critical. Yet as a restaurant marketing tool, direct mail is often overlooked even though it is a cost-effective means of communicating a message. It can be personalized and sent to a selectively targeted market.

***As a restaurant marketing tool, direct mail is often overlooked, even though it is a cost-effective means of communicating a message.***

**Use of advertising by all restaurant managers, 1987**

*As a restaurant marketing tool, direct mail is often overlooked*

| Type of advertising | Total percent using | Used regularly | Used occasionally | Not used at all |
|---|---|---|---|---|
| Newspapers | 70% | 29% | 41% | 29% |
| Sponsorship of community events | 59 | 18 | 41 | 40 |
| Sponsorship of teams | 48 | 18 | 30 | 51 |
| Radio | 43 | 14 | 29 | 56 |
| Handouts/fliers | 42 | 15 | 27 | 57 |
| Restaurant guides | 33 | 11 | 22 | 65 |
| Outdoor advertising | 28 | 15 | 13 | 71 |
| Direct mail | 24 | 8 | 16 | 75 |
| Magazines | 21 | 4 | 17 | 78 |
| Television | 16 | 5 | 11 | 83 |

**Source:** National Restaurant Association Gallup Survey, 1987

## Types of advertising used regularly by restaurant ownership, 1987

*Newspapers are the most favored advertising medium*

| Type of advertising | Total percent using | Ownership: Chain/franchised independents | Ownership: Independents |
|---|---|---|---|
| Newspapers | 29% | 44% | 25% |
| Sponsorship of community events | 18 | 19 | 17 |
| Sponsorship of teams | 18 | 13 | 19 |
| Handouts/fliers | 15 | 28 | 11 |
| Outdoor advertising | 15 | 24 | 13 |
| Radio | 14 | 31 | 10 |
| Restaurant guides | 11 | 8 | 13 |
| Direct mail | 8 | 19 | 5 |
| Television | 5 | 18 | 2 |
| Magazines | 4 | 2 | 5 |

**Source:** National Restaurant Association Gallup Survey, 1987

A 1987 National Restaurant Association Gallup Survey found that 75 percent of all restaurants do not use direct mail, and that chains and franchised independents are much more likely to use direct mail than are independents. Even fewer operators use direct mail to communicate without a coupon or discount.

### Advertising

Although relatively few operators use direct mail, advertising has become increasingly important to restaurateurs, as operators turn to marketing-oriented strategies to increase market share. According to Leading National Advertisers, Inc., restaurateurs spent more than $1.35 billion to advertise their establishments in 1987—a 43 percent increase over 1984. In 1987 fast food operators accounted for a dramatic 85 percent of the total industry figure. The large disparity is related to the use of television advertising by fast food companies.

Overall, most operators do not use television, which is not surprising considering its cost. Instead, newspapers are the most popular form of advertising, used by 70 percent of the managers responding to an association Gallup survey. Nevertheless, only 30 percent report using newspapers on a regular basis.

In large part, differences in advertising vehicles reflect differing objectives. But promotions that include price discounts, two-for-one offers and special events are frequently a part of advertising campaigns—whether in the form of a printed coupon in the newspaper or a special offer announced over the radio.

### Promotions

Along with advertising, the use of promotional offers has become an increasingly important part of foodservice marketing strategies. According to CREST, the percent of restaurant occasions involving a promotion reached 17.1 percent in 1987, up from 16.1 percent five years earlier. Furthermore, promotions were used on 16.5 percent of occasions during the June-August 1988 period, up 7.6 percent from a year earlier.

## Hispanic media usage

Although there are several television networks that feature only Hispanic broadcasts, few major advertisers have used them, preferring to use the major broadcasting networks.

A 1988 study by the Telemundo Group on Hispanic media usage may give added incentive for foodservice operators to use Spanish television to advertise their restaurants. The study showed that 93 percent of the Hispanics surveyed watched Spanish television, compared to only 53 percent who watched broadcasts in English. Of Hispanics who were bilingual, 57 percent spent most of their viewing hours tuned to broadcasts in Spanish. More than three out of four Hispanics believe that if an advertiser uses Spanish, the advertiser wants their business. In addition, 63 percent said they were more likely to purchase and use a product advertised on Spanish television, and 60 percent would choose an item promoted in Spanish over a similar product advertised in English.

# INDUSTRY OPERATIONS

According to the 1988 National Restaurant Association Tableservice Operator Survey, restaurant operators listed the labor shortage as the number-one problem they currently face. However, many operators are taking innovative approaches to labor recruitment and retention, and are employing more labor-saving devices and equipment in order to forestall the labor shortage.

### Labor trends

The labor situation will continue to dog the foodservice industry in 1989. What are restaurant operators doing to find and retain high-quality personnel? According to a 1988 National Restaurant Association Gallup survey, more than half of all restaurants provide hourly employees with flexible working schedules, ongoing training and advancement opportunities. Thirty-one percent of restaurant managers say they have recently increased starting wages, and 23 percent say that they are going to do so in the near future. Likewise, 18 percent of the managers surveyed report that they have just strengthened benefits packages, and 21 percent expect to do so soon.

Some operators are also tapping into demographic groups that will become more numerous in the U.S. labor force in the years ahead. According to the U.S. Bureau of Labor Statistics, three demographic groups that are expected to grow in size in the

foodservice workforce during the next 15 years include minorities, the middle-aged and women. Some restaurant operators have already targeted these expanding groups with specific recruitment and training programs that cater to the needs of each group.

Many restaurant operators are addressing the labor shortage by hiring from nontraditional sources of labor, such as the physically and mentally handicapped. Individuals from these groups often prove to be very reliable and capable workers. There are also an abundance of government and community-assistance programs available to help smooth the transition of individuals from these groups into the workforce.

Aggressive recruitment strategies will become part of a growing trend in the years ahead. According to a National Restaurant Association Gallup survey, 23 percent of the restaurant managers surveyed plan to expand future recruiting efforts. For example, some operators, particularly the larger chains, are currently using buses and vans to transport inner-city dwellers to suburban locations. Others have targeted local high schools and recruit directly on campus. Other practices that will become more prevalent in the future include the offering of referral rewards, rehiring former workers, internships from nearby hospitality schools, recruitment ads aimed at specific segments of the population and pooling of information among restaurants about available labor sources.

**Aggressive recruitment strategies will become part of a growing trend in the years ahead.**

The industry is moving forward to meet the employment challenges, and will continue to do so in the future. A greater emphasis will be placed on human resource development through the establishment of more career-oriented positions in foodservice. Other programs likely to become more prevalent include incentive and bonus programs, awarding of equity stakes in the business, flexibility in scheduling, increased benefit packages and investment in professional development through outside education opportunities.

### Labor force projections by demographic group 1986–2000

*In the year 2000, employers will face a much different workforce, with fewer teenagers and young adults but more women, minorities and middle-aged workers*

| | Civilian labor force | |
|---|---|---|
| Demographic group | Percent of labor force—1986 | Percent of labor force—2000 |
| 16 to 24-year-olds | 19.8% | 16.3% |
| 25 to 34-year-olds | 29.3 | 22.8 |
| 35 to 54-year-olds | 38.3 | 49.8 |
| Women | 44.5 | 47.3 |
| Minorities | 24.2 | 36.1 |
| Foodservice occupational employees | 6.0 | 7.0 |

**Source:** U.S. Department of Labor, Bureau of Labor Statistics

### How restaurants are responding to the labor shortage

*Most managers have or expect to improve training*

| | Percent of managers taking actions | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | East | | Midwest | | South | | West | |
| | Already done | Expect to do | Already done | Expect to do | Already done | Expect to do | Already done | Expect to do |
| Improve training | 50% | 25% | 35% | 39% | 33% | 38% | 40% | 28% |
| Increase starting wages | 43 | 24 | 27 | 19 | 26 | 23 | 32 | 29 |
| Improve benefits | 22 | 14 | 15 | 21 | 15 | 26 | 22 | 23 |
| Expand recruiting | 18 | 23 | 17 | 26 | 14 | 24 | 16 | 19 |
| Increase hours worked | 22 | 15 | 16 | 17 | 13 | 18 | 11 | 18 |

**Source:** National Restaurant Association Gallup Survey, 1988

### Remodeling

Many tableservice restaurants are revamping kitchens and remodeling dining rooms in order to upgrade service and create a fresh look. According to the 1988 National Restaurant Association Tableservice Operator Survey, one-third of respondents said they remodelled their kitchen in 1988 or plan to do so in 1989, and about four in 10 are remodeling their dining room. Among restaurants where the average dinner check is more than $8.00 per person, remodeling is more likely to occur in the dining room than in the kitchen, which may indicate the competitive pressures these establishments are feeling. These restaurants are using dining-room decor as more of a marketing tool than they did in the past.

**More restaurants will be installing separate sections for carryout and delivery.**

Future design and improvement at some restaurant operations will also focus on enhancing takeout service. More restaurants will be installing separate sections for carryout and delivery. There will be more establishments, such as double-thrus, built solely for serving takeout customers.

### Computerization

Automation and information technology will continue to make their way into restaurants. According to the National Restaurant Association Tableservice Operator Survey, more than 60 percent of restaurants

with sales volumes over $500,000 used a computer in 1988. Accounting/bookkeeping and inventory control were the most popular applications of computer programs at tableservice restaurants in 1988. There should be greater restaurateur utilization of software designed for purchasing, forecasting and employee scheduling in 1989. Computer-aided and microwave technology will play a greater role in food preparation and cooking. Other improvements in equipment will simplify overall kitchen facilities management.

### Efficiency

Efficient operations management will become even more important as competitive pressures keep profit margins narrow. With prime urban and suburban locations becoming more difficult to come by and real estate costs rising sharply in many regions of the country, new-unit construction and expansion will continue to slow in 1989. Rather than build new structures, many operators will look to unconventional ways to expand their operations, such as conversion and renovation of existing sites and site sharing. Operators will also set up more units at such nontraditional sites as airports, hospitals and military bases. Companies operating units at these locations often enjoy the advantages of less competition as well as the ability to market to a defined, captive audience.

## 1989 operation costs

□ **Food.** Menu prices are expected to rise 4.6 percent in 1989, slightly below the projected rate of increase for the overall Consumer Price Index (CPI). During 1988, menu prices advanced a lower 4.1 percent.

Wholesale food prices should gain 3.2 percent in 1989—up from the 2.7 percent increase in 1988. This expected increase in wholesale food prices is partially due to the aftereffects of the 1988 drought. The drought resulted in higher feed costs for farmers, pushing them to slaughter their livestock at an above-average rate in 1988. This will tighten beef and pork supplies, resulting in higher prices for these items in 1989. Broiler prices should remain steady in 1989, as increased production offsets continued strong demand. Egg prices are likely to inch up slightly in 1989, since egg producers are expected to scale back production after many months of unprofitability.

□ **Labor.** Industry labor costs are forecast to advance 4.0 percent in 1989, following a 2.7 percent increase this year. Low unemployment rates, combined with a continuing decline in the number of teenagers in the labor force, should push wages up in 1989. Starting hourly wages should continue to rise, and the amount of benefits offered to workers should also increase. Operators are also likely to spend more on labor recruitment and retention.

□ **Other costs.** Other costs should increase 5.0 percent in 1989—well above the 4.1 percent rise of 1988. The cost of solid-waste disposal and garbage removal should rise substantially in 1989 because of the growing scarcity of dump sites. Insurance costs and advertising expenses are also expected to climb in 1989. Electricity prices, however, should remain steady.

## INDUSTRY STRUCTURE

**Consolidation.** In 1989 industry consolidation will continue. Companies will still be hunting for profitable mergers and acquisitions, although the action is not likely to be as frantic as it has been in recent years. At the same time, some larger chains will be exploring the possibility of downsizing by shedding unprofitable units and restructuring corporate operations. Many smaller chains and independents will also be merging and acquiring new operations. However, in making acquisitions, these companies—as well as some of the larger chains—will be looking more to bolster their presence in their current market segment rather than expanding into new markets.

Continued merger and acquisition activity among the chains will magnify additional cost pressures on the smaller independent operators, who will have to contend with the larger chains' advantage of being able to buy into cheaper purchasing agreements. The next few years could see the creation of more purchasing and marketing cooperatives among smaller operators in order to give them greater buying and promotional clout.

**Globalization.** During the last few years, foreign companies and organizations have substantially increased their investment in and ownership of U.S. companies and real estate. Within the next few years, foreign penetration into the domestic foodservice market will probably increase. However, this penetration is likely to come in the form of purchases of existing successful concepts rather than through the introduction of new concepts to the U.S. market. Foreign companies, particularly those from Western Europe and Japan, are likely to be more involved in future foodservice merger and acquisition activity.

In addition, as the domestic market becomes saturated, some U.S. chains are expanding rapidly overseas. Several larger chains have taken advantage of the rapprochement between the United States and the Soviet Union and have set up units in the Soviet Union and Eastern Bloc nations. These countries will receive further attention from U.S. chains in 1989, although they are likely to remain relatively minor markets for the foodservice industry for some time. Continental Europe can expect to experience further penetration of its markets in 1989 by U.S. chains, as cultural and language barriers continue to erode.

U.S. foodservice companies are also likely to increase their focus on Japan, Australia and Southeast Asia, since rapid economic growth in these regions has made them attractive for investment and expansion. Canada, however, should receive the most attention from U.S. chains during the next few years. Because of its proximity and cultural similarities, companies may feel more comfortable investing in Canada than in other parts of the world.

# EATING PLACES

Sales at the nation's eating places will advance by 7 percent to $147.1 billion in 1989, after reaching $137.4 billion in 1988. Adjusted for inflation, eating-place sales will grow 2.4 percent in 1989 and will account for nearly three-quarters of the real growth in the foodservice industry.

Real growth at eating places is attributed to increases in the nation's population, coupled with a slowly increasing consumer propensity to purchase meals away from home.

**Fast food restaurants** should once again lead the eating-place group, with sales projected to advance 8.2 percent in 1989 to $65.1 billion, up from $60.1 billion in 1988. Although real sales should be up 3.6 percent at limited-menu restaurants, the rate of sales growth during the next several years will be slower than that of years past. This slower but steady growth results from a continued slowdown in new-unit expansion and an increased focus on overseas markets among major chains. Nevertheless, competition will be intense, as fast food chains seek to protect their turf from grocery and convenience stores. As is true throughout the industry, well-managed fast food chains will continue to see healthy growth at the expense of the weaker, poorly run chains. Concepts that are better positioned, better located and better advertised and promoted will far outperform others in 1989.

Marketing expertise and a willingness to innovate are key factors that will separate successful fast food chains from the rest of the pack in 1989. Heavy TV advertising will continue, with spots aimed at creating top-of-mind awareness and inducing frequent patronage. Consumers will see more promotional games designed to increase visit frequency.

Consumers can also expect some of the major chains to focus on bolstering snacktime sales in 1989 and to upgrade both service and decor. In addition, regional management will play a greater role in corporate decisionmaking as chains tailor operations to meet the needs of local markets.

Sales at **restaurants** and **lunchrooms** are estimated to reach $74.4 billion in 1989—a 6.1 percent advance from 1988. Real growth in 1989 is projected at a rate of 1.5 percent, less than the 1.9 percent in 1988.

Restaurants and lunchrooms will see continued growth because a growing number of Americans believe eating out is an important component of their lifestyles. Eating out has become as much a necessity as it once was a luxury. Numerous restaurants now meet the previously unfulfilled consumer demand for both convenience and variety when dining out. As a result, consumers now have greater freedom of choice, and operators need to be more sensitive to the needs of their clientele or risk losing customers.

Price/value and quality of service are two areas that restaurants will need to focus on in 1989 if they are to maintain a strong customer base. Operators will have difficulty raising prices unless they can be justified by a corresponding increase in the perceived value of the meal. With such a wide variety of dining-out choices available, consumers also demand high-quality service. In order to maintain customer loyalty, restaurateurs must provide service that is in keeping with consumer expectations for their particular type of establishment.

Sales at **commercial cafeterias** are forecast to total $4.2 billion in 1989, a 6.8 percent increase over 1988. Real sales growth is estimated to reach 2.2 percent, up from recent years. The economies of the southern and southwestern states—areas where many of the country's cafeterias are located—are gradually rebounding. Furthermore, several cafeteria chains have recently upgraded facilities, strengthened marketing campaigns and improved takeout sections—all of which should bolster sales in 1989. Also, cafeterias emphasize food variety and price/value—two concerns prevalent among today's consumers.

**Social caterers** are projected to show a 7.4 percent increase in sales, to $1.7 billion, with real growth expected to be 2.8 percent. Growth is based on an increase in weddings and more formal events, which will offset a decline in the number and size of corporate functions.

Sales at **ice cream and frozen-custard stands** are projected to exceed $1.8 billion in 1989, posting a 6.5 percent advance. After adjusting for inflation, real growth will be 1.9 percent, lower than that of recent years, as chains reduce their rate of new-store openings. Also, these establishments will be facing increased competition from grocery stores, which are marketing brand-name ice cream and frozen-custard products.

Sales at **bars and taverns** are projected to grow 5.0 percent, reaching $10.3 billion in 1989. In real terms, sales should advance at a 0.4 percent rate. Bars and taverns will continue to be affected by the higher drinking age and recent consumer moderation in alcohol consumption.

**Eating place sales: $147.1 billion**

| | 1988 Estimated F&D sales ($000) | 1989 Projected F&D sales ($000) | 1989 Projected F&D sales ($000) | 1988-1989 Percent change | 1988-1989 Percent real growth change | 1988-1989 Compound annual growth rate |
|---|---|---|---|---|---|---|
| **Total eating places** | **$120,124,201** | **$137,443,437** | **$147,116,844** | **7.0%** | **2.4%** | **7.0%** |
| Restaurants, lunchrooms | 62,301,434 | 70,133,970 | 74,384,088 | 6.1 | 1.5 | 6.1 |
| Limited menu restaurants, refreshment places | 51,484,858 | 60,124,238 | 65,054,426 | 8.2 | 3.6 | 8.1 |
| Commercial cafeterias | 3,470,130 | 3,899,035 | 4,164,169 | 6.8 | 2.2 | 6.3 |
| Social caterers | 1,390,109 | 1,596,000 | 1,714,104 | 7.4 | 2.8 | 7.2 |
| Ice cream, frozen-custard stands | 1,477,670 | 1,690,194 | 1,800,057 | 6.5 | 1.9 | 6.8 |

# MAJOR MARKET OUTLOOK FOR 1989

This section looks at sales projections for eight major foodservice markets.

## Lodging places

□ The hotel, motel and motor-hotel markets should experience a real gain of 2.1 percent in 1989, largely as a result of newly opened properties in higher-occupancy locations and marginal increases in occupancy levels.

□ Convention business should continue to grow; however, the rate may slow as a result of corporate moderation and the 80-percent limit on deductibility, which will affect some meals at hotels for the first time in 1989.

□ Hotels should capture all the real growth in this category, posting a 2.7 percent advance in 1989; motels and motor hotels should continue the current pattern of declining real sales.

## Transportation foodservice

□ Airline traffic is slated to rise 5.0 percent in 1989, down from the 7.1 percent gain in 1988.

□ Cuts are not expected in airline foodservice provided while in transit, so there should be a closer relationship between real sales growth and passenger traffic in 1989.

□ Cruise lines should continue to post the largest gains in the transportation sector, thanks to marketing and increased berth capacity.

□ Railroads are expected to experience modest passenger growth.

## Military foodservice

□ As a result of a 0.5 percent increase in the military population, foodservice at PXs and clubs should post real growth of 1.6 percent.

## Employee foodservice

□ Employment prospects are looking up for 1989. Manufacturing and industrial employment should be up 0.9 percent, largely due to the strength of exports and the lower value of the dollar abroad.

□ As the nation's economy becomes more service and information-oriented, commercial and office employment should increase. As a result, real food and drink sales by contractors in commercial and office buildings should advance 4.3 percent in 1989.

□ Inflation-adjusted institutional food and drink sales in the employee foodservice category—which in-

### Lodging place sales: $13.9 billion

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1986-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| **Total lodging places** | **$ 11,383,225** | **$ 13,085,598** | **$ 13,940,983** | **6.7%** | **2.1%** | **7.0%** |
| Hotel restaurants | 9,404,158 | 10,950,399 | 11,750,432 | 7.3 | 2.7 | 7.7 |
| Motor-hotel restaurants | 754,327 | 815,873 | 850,956 | 4.3 | −0.3 | 4.1 |
| Motel restaurants | 1,224,740 | 1,299,326 | 1,339,605 | 3.1 | −1.5 | 3.0 |

### Transportation foodservices sales: $2.4 billion

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1986-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| **Total transportation foodservice** | **$ 1,766,031** | **$ 2,146,690** | **$ 2,359,113** | **9.9%** | **6.0%** | **10.1%** |
| Contractors, in-transit foodservice commercial airlines | 798,431 | 955,587 | 1,041,590 | 9.0 | 5.0 | 9.3 |
| Transportation * | 967,600 | 1,191,103 | 1,317,523 | 10.6 | 6.8 | 10.8 |

* *Includes sales on airlines, passenger/cargo liners and railroads*

### Military foodservice sales: $1.1 billion

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1986-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| **Total military foodservice *** | **$ 925,240** | **$ 1,027,576** | **$ 1,091,867** | **6.2%** | **1.6%** | **5.7%** |
| Officers' & NCO clubs ("Open Mess") | 610,280 | 675,397 | 716,596 | 6.1 | 1.5 | 5.5 |
| Military exchange foodservice | 314,960 | 352,179 | 375,071 | 6.5 | 1.9 | 6.0 |

* *Continental U.S. only*

### Employee foodservice sales: $6.8 billion

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1986-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| **Total employee foodservice** | **$ 5,781,416** | **$ 6,455,357** | **$ 6,841,994** | **5.8%** | **1.3%** | **5.8%** |
| Food contractors | | | | | | |
| Manufacturing & industrial plants | 2,824,473 | 3,367,446 | 3,657,046 | 8.6 | 4.0 | 9.0 |
| Commercial & office buildings | 981,056 | 1,165,589 | 1,269,326 | 8.9 | 4.3 | 9.0 |
| Institutional employee foodservice * | 1,975,887 | 1,932,322 | 1,915,622 | −0.9 | −5.3 | −1.0 |

* *Includes sales for industrial and commercial organizations, seagoing ships and inland waterway vessels*

cludes meal and snack sales for industrial and commercial organizations, seagoing ships and inland waterway vessels—are expected to decline in 1989 as a result of greater contractor penetration of this market.

## Health-care foodservice

□ Total health-care foodservice sales are forecast to advance 0.7 percent in inflation-adjusted dollars.

□ Real sales in hospital foodservice are forecast to be off 0.4 percent in 1989, but occupancy rates are expected to bottom out.

□ Contractors are benefiting from cost-containment programs and are keeping up with the sector's demand for consistent, high-quality meals.

□ The nursing-home population should grow as the nation ages.

### Health care foodservice sales: $12.8 billion

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1986-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| **Total health care foodservice** | **$11,530,425** | **$12,318,197** | **$12,822,679** | **4.1%** | **0.7%** | **3.6%** |
| Contractors in hospitals & nursing homes | 1,262,581 | 1,445,518 | 1,561,159 | 8.0 | 3.4 | 7.3 |
| Hospitals * | 7,170,185 | 7,496,457 | 7,736,358 | 2.8 | -0.4 | 2.4 |
| Nursing homes | 3,097,659 | 3,376,222 | 3,555,162 | 5.3 | 2.1 | 4.7 |

* *Includes voluntary and proprietary hospitals, long-term general, TB, mental hospitals, and sales or commercial equivalent to employees in state and local short-term hospitals and federal hospitals*

### Educational foodservice sales: $10.6 billion

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1988-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| **Total educational foodservice** | **$ 9,070,788** | **$10,075,284** | **$10,587,426** | **5.1%** | **0.1%** | **5.3%** |
| Colleges & universities | | | | | | |
| Contractors | 1,882,392 | 2,236,468 | 2,433,277 | 8.8% | 3.6% | 8.9% |
| Institutional | 3,193,136 | 3,430,424 | 3,533,337 | 3.0 | -2.2 | 3.4 |
| **Subtotal** | **$ 5,075,528** | **$ 5,666,892** | **$ 5,966,614** | **5.3%** | **0.1%** | **5.5%** |
| Primary & secondary schools | | | | | | |
| Contractors | 935,133 | 1,048,730 | 1,120,044 | 6.8% | 2.2% | 6.2% |
| Institutional | 3,060,127 | 3,359,662 | 3,500,768 | 4.2 | -0.4 | 4.6 |
| **Subtotal** | **$ 3,995,260** | **$ 4,408,392** | **$ 4,620,812** | **4.8%** | **0.2%** | **5.0%** |

### Recreational foodservice sales: $6.2 billion

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1988-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| **Total recreational foodservice** | **$ 5,212,145** | **$ 5,854,103** | **$ 6,226,192** | **6.4%** | **1.8%** | **6.1%** |
| Recreation & sports centers | | | | | | |
| Contractors | 1,410,732 | 1,616,653 | 1,734,669 | 7.3% | 2.7% | 7.1% |
| Noncontractors † | 2,054,992 | 2,286,664 | 2,425,474 | 6.1 | 1.5 | 5.7 |
| **Subtotal** | **$ 3,465,724** | **$ 3,903,317** | **$ 4,160,143** | **6.6%** | **2.0%** | **6.3%** |
| Clubs ‡ sporting and recreational camps | 1,746,421 | 1,950,786 | 2,066,049 | 5.9% | 1.4% | 5.8% |

† *Includes sales at drive-in movies, bowling lanes and recreational and sports centers*

‡ *A proportion of food and beverage sales in clubs is business-related*

### Other foodservice sales

| | ($000) | | | 1988-89 Percent change | 1988-1989 Percent real growth change | 1988-89 Compound annual growth rate |
|---|---|---|---|---|---|---|
| | 1986 | 1988 | 1989 | | | |
| Retail hosts | $ 7,052,211 | $ 8,751,625 | $ 9,580,785 | 9.5% | 4.9% | 10.8% |
| Mobile caterers | 668,038 | 756,980 | 806,184 | 6.5 | 1.9 | 6.5 |
| Vending & nonstore retailers * | 4,156,228 | 4,736,254 | 5,015,693 | 5.9 | 0.9 | 6.5 |
| Community centers | 450,192 | 529,486 | 572,904 | 8.2 | 5.0 | 8.4 |

* *Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages*

## Educational foodservice

□ This sector should experience positive real growth in 1989.

□ Colleges and universities should see a 0.1 percent increase in the student population.

□ Elementary schools are expected to enjoy a 1.6 percent enrollment hike, but high schools may see a drop of 3.1 percent in 1989.

Although the school-lunch program will probably not be cut, overall primary and secondary education foodservice is expected to have a real sales gain of only 0.2 percent. Contractors in this field should post real sales growth of 2.2 percent.

## Recreational foodservice

□ Sports and recreation centers should experience 2.7 percent real sales growth in 1989, with both sports and arena activities showing modest gains.

□ National park visits are predicted to be up considerably over 1988, when park fires reduced patronage.

□ Clubs and sporting and recreational camps should post real sales growth of 1.4 percent in 1989.

## Other foodservice

□ Growth in meals and snacks at grocery and convenience stores, liquor stores and gas stations is forecast to boost sales at **retail hosts** 4.9 percent in inflation-adjusted dollars. High growth in these categories should offset low growth or declines in department stores, variety stores and drugstores.

□ **Mobile caterers** should experience a 1.9 percent real increase in sales in 1989. This can be attributed to slight increases in construction and manufacturing employment as well as more attendance at sporting events.

□ **Community center** foodservice is expected to increase 5.0 percent in inflation-adjusted dollars. Increases in programs for the elderly, feeding of the homeless and child feeding in summer programs are expected.

## Foodservice industry food and drink sales projected to 1989

| | 1988 Estimated F&D sales ($000) | 1988 Projected F&D sales ($000) | 1989 Projected F&D sales ($000) | 1988-1989 Percent change | 1988-1989 Percent real growth change | 1986-1989 Compound annual growth rate |
|---|---|---|---|---|---|---|
| **Group I—Commercial Foodservice[1]** | | | | | | |
| **Eating places** | | | | | | |
| Restaurants, lunchrooms | $ 62,301,434 | $ 70,133,970 | $ 74,384,088 | 6.1% | 1.5% | 6.1% |
| Limited-menu restaurants, refreshment places | 51,484,858 | 60,124,238 | 65,054,426 | 8.2 | 3.6 | 8.1 |
| Commercial cafeterias | 3,470,130 | 3,899,035 | 4,164,169 | 6.8 | 2.2 | 6.3 |
| Social caterers | 1,390,109 | 1,596,000 | 1,714,104 | 7.4 | 2.8 | 7.2 |
| Ice cream, frozen-custard stands | 1,477,670 | 1,690,194 | 1,800,057 | 6.5 | 1.9 | 6.8 |
| **Total eating places** | $120,124,201 | $137,443,437 | $147,116,844 | 7.0% | 2.4% | 7.0% |
| Bars/taverns | 8,976,119 | 9,839,559 | 10,331,537 | 5.0 | 0.4 | 4.8 |
| **Total eating & drinking places** | $129,100,320[2] | $147,282,996 | $157,448,381 | 6.9% | 2.3% | 6.8% |
| **Food contractors** | | | | | | |
| Manufacturing & industrial plants | $ 2,824,473 | $ 3,367,446 | $ 3,657,046 | 8.6% | 4.0% | 9.0% |
| Commercial & office buildings | 981,056 | 1,165,589 | 1,269,326 | 8.9 | 4.3 | 9.0 |
| Hospitals & nursing homes | 1,262,581 | 1,445,518 | 1,561,159 | 8.0 | 3.4 | 7.3 |
| Colleges & universities | 1,882,392 | 2,236,468 | 2,433,277 | 8.8 | 3.6 | 8.9 |
| Primary & secondary schools | 935,133 | 1,048,730 | 1,120,044 | 6.8 | 2.2 | 6.2 |
| In-transit foodservice (airlines) | 798,431 | 955,587 | 1,041,590 | 9.0 | 5.0 | 9.3 |
| Recreation & sports centers | 1,410,732 | 1,616,653 | 1,734,669 | 7.3 | 2.7 | 7.1 |
| **Total food contractors** | $ 10,094,798 | $ 11,835,991 | $ 12,817,111 | 8.3% | 3.6% | 8.3% |
| **Lodging places** | | | | | | |
| Hotel restaurants | $ 9,404,158 | $ 10,950,399 | $ 11,750,432 | 7.3% | 2.7% | 7.7% |
| Motor hotel restaurants | 754,327 | 815,873 | 850,956 | 4.3 | −0.3 | 4.1 |
| Motel restaurants | 1,224,740 | 1,299,326 | 1,339,605 | 3.1 | −1.5 | 3.0 |
| **Total lodging places** | $ 11,383,225 | $ 13,065,598 | $ 13,940,993 | 6.7% | 2.1% | 7.0% |
| Retail host restaurants[3] | $ 7,052,211 | $ 8,751,625 | $ 9,580,785 | 9.5% | 4.9% | 10.8% |
| Recreation & sports[4] | 2,054,992 | 2,286,664 | 2,425,474 | 6.1 | 1.5 | 5.7 |
| Mobile caterers | 668,038 | 756,980 | 806,184 | 6.5 | 1.9 | 6.5 |
| Vending & nonstore retailers[5] | 4,156,228 | 4,736,254 | 5,015,693 | 5.9 | 0.8 | 6.5 |
| **TOTAL GROUP I** | **$164,509,812** | **$188,716,108** | **$202,034,621** | **7.0%** | **2.4%** | **7.1%** |
| **Group II—Institutional Foodservice -Business, educational, governmental or institutional organizations that operate their own foodservice** | | | | | | |
| Employee foodservice[6] | $ 1,975,887 | $ 1,932,322 | $ 1,915,622 | −0.9% | −5.3% | −1.0% |
| Public & parochial elementary, secondary schools | 3,060,127 | 3,359,662 | 3,500,768 | 4.2 | −0.4 | 4.6 |
| Colleges & universities | 3,193,136 | 3,430,424 | 3,533,337 | 3.0 | −2.2 | 3.4 |
| Transportation | 967,600 | 1,191,103 | 1,317,523 | 10.6 | 6.8 | 10.8 |
| Hospitals[7] | 7,170,185 | 7,496,457 | 7,706,358 | 2.8 | −0.4 | 2.4 |
| Nursing homes, homes for aged, blind, orphans, and the mentally & physically handicapped[8] | 3,097,659 | 3,376,222 | 3,555,162 | 5.3 | 2.1 | 4.7 |
| Clubs, sporting & recreational camps | 1,746,421 | 1,950,786 | 2,066,049 | 5.9 | 1.4 | 5.8 |
| Community centers | 450,192 | 529,486 | 572,904 | 8.2 | 5.0 | 8.4 |
| **TOTAL GROUP II** | **$ 21,661,207** | **$ 23,266,462** | **$ 24,167,723** | **3.9%** | **−0.1%** | **3.7%** |
| **TOTAL GROUPS I & II** | **$186,171,019** | **$211,982,570** | **$226,202,344** | **6.7%** | **2.2%** | **6.7%** |
| **Group III—Military Foodservice[9]** | | | | | | |
| Officers' & NCO clubs ("Open Mess") | $ 610,280 | $ 675,397 | $ 716,596 | 6.1% | 1.5% | 5.5% |
| Foodservice—military exchanges | 314,960 | 352,179 | 375,071 | 6.5 | 1.9 | 6.0 |
| **TOTAL GROUP III** | **$ 925,240** | **$ 1,027,576** | **$ 1,091,667** | **6.2%** | **1.6%** | **5.7%** |
| **GRAND TOTAL** | **$187,096,259** | **$213,010,146** | **$227,294,011** | **6.7%** | **2.2%** | **6.7%** |

**Footnotes:**

1. Data are given only for establishments with payroll.
2. Food and drink sales for nonpayroll establishments totaled $3,626,296,000 in 1986.
3. Includes drug and proprietary store restaurants, general-merchandise-store restaurants, variety-store restaurants, food-store restaurants, grocery-store restaurants, gasoline-service-station restaurants and miscellaneous retailers.
4. Includes drive-in movies, bowling lanes and recreation and sports centers.
5. Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages.
6. Includes industrial and commercial organizations, seagoing and inland-waterway vessels.
7. Includes voluntary and proprietary hospitals; long-term general, TB, mental hospitals; and sales or commercial equivalent to employees in state and local short-term hospitals and federal hospitals.
8. Sales (commercial equivalent) calculated for nursing homes and homes for the aged only. All others in this grouping make no charge for food served either in cash or in kind.
9. Continental U.S. only.

# 1989 FOOD AND DRINK PURCHASES

Food and drink purchases for the foodservice industry are forecast to reach $85.3 billion in 1989. Purchases in the **Commercial Foodservice Group,** which account for 75.1 percent of the total amount spent, are estimated to equal $64.1 billion.

### Highlights for 1989 food and drink purchases

□ **Eating places,** which comprise the largest component of the Commercial Foodservice Group, are forecast to record food and drink purchases of $48.7 billion in 1989.

□ **Food-contractor** purchases are expected to equal $4.9 billion. This group represents the largest component of the commercial segment outside of eating places in terms of food and drink purchases.

□ Purchases for the **Institutional Foodservice Group,** which account for 16.0 percent of the total, are projected to reach $13.6 billion.

□ **Public and parochial elementary and secondary schools,** the largest food and beverage purchasers in the institutional segment, should post purchases of $3.5 billion, just slightly ahead of hospitals.

□ **Military-foodservice** purchases are forecast to total $2.6 billion. Expenditures by defense personnel, the largest share of military foodservice purchases, are predicted to total $2.2 billion.

*The drought's main effect on food prices is expected to be felt in 1989.*

## Foodservice industry food and drink purchases projected to 1989*

| | Estimated food and drink purchases ($000) |
|---|---|
| **GROUP I: Commercial Foodservice[1]** | |
| **Eating places** | |
| Restaurants, lunchrooms | $25,290,590 |
| Limited-menu restaurants | 20,817,416 |
| Commercial cafeterias | 1,457,459 |
| Social caterers | 599,936 |
| Ice cream, frozen-custard stands | 511,198 |
| **Total—eating places** | **$48,676,599** |
| Bars and taverns | 481,656[2] |
| **Total—eating and drinking places** | **$49,158,255** |
| **Food contractors** | |
| Manufacturing and industrial plants | $ 1,609,100 |
| Commercial and office buildings | 558,503 |
| Hospitals and nursing homes | 575,880 |
| Colleges and universities | 754,510 |
| Primary and secondary schools | 384,348 |
| In-transit foodservice (airlines)[3] | 499,901 |
| Recreation and sports centers | 556,829 |
| **Total—food contractors** | **$ 4,939,071** |
| **Lodging places** | |
| Hotel restaurants | $ 3,618,676 |
| Motor hotel restaurants | 263,975 |
| Motel restaurants | 426,637 |
| **Total—lodging places** | **$ 4,309,288** |
| **Other commercial** | |
| Retail host restaurants | $ 3,150,928 |
| Recreation and sports | 783,525 |
| Vending and nonstore retailers | 1,525,322 |
| Mobile caterers | 249,111 |
| **Total—other commercial** | **$ 5,708,886** |
| **TOTAL—GROUP I** | **$64,115,500** |

| | Estimated food and drink purchases ($000) |
|---|---|
| **GROUP II: Institutional Foodservice—Business, educational, governmental or institutional organizations that operate their own foodservice** | |
| Employee foodservice | $ 869,960 |
| Public and parochial elementary and secondary schools | 3,478,048 |
| Colleges and universities | 1,440,789 |
| Transportation | 669,618 |
| Hospitals | 3,447,824 |
| Nursing homes; homes for the aged, blind, orphans, and the mentally and physically handicapped | 2,184,149 |
| Clubs, sporting and recreation camps | 843,051 |
| Community centers | 676,015 |
| **TOTAL—GROUP II** | **$13,609,454** |
| **TOTAL—GROUPS I AND II** | **$77,724,954** |
| Food furnished foodservice employees (FSE) in Groups I and II | $ 5,023,961 |
| **TOTAL—GROUPS I, II AND FSE** | **$82,748,915** |
| **GROUP III: Military Foodservice** | |
| Defense personnel | $ 2,189,961 |
| Officers' and NCO clubs ("Open Mess") | 241,170 |
| Foodservice—military exchange | 139,939 |
| **TOTAL—GROUP III** | **$ 2,570,800** |
| **GRAND TOTAL** | **$85,319,715** |

*Purchases refer to expenditures by foodservice establishments for their food and drink supplies.
[1]Data are given only for establishments with payroll.
[2]Food purchases only.
[3]Food purchases only.

## Percent change in state and regional economic indicators: 1988-1989

| | State | Population | Total employment | Manufacturing employment | Real disposable personal income | Eating place sales ($000) 1988 | Eating place sales ($000) 1989 | Percent change |
|---|---|---|---|---|---|---|---|---|
| **New England** | Connecticut | 0.7% | 1.3% | 0.4% | 1.4% | $ 2,636,141 | $ 2,833,852 | 7.5% |
| | Maine | 1.1 | 1.4 | 1.0 | 3.6 | 829,541 | 893,416 | 7.7 |
| | Massachusetts | 0.9 | 1.2 | 1.0 | 1.9 | 5,512,099 | 5,919,994 | 7.4 |
| | New Hampshire | 2.3 | 2.6 | 2.4 | 3.2 | 838,023 | 912,607 | 8.9 |
| | Rhode Island | 0.7 | 1.0 | 0.8 | 1.3 | 717,839 | 768,806 | 7.1 |
| | Vermont | 1.3 | 1.5 | 2.1 | 1.6 | 412,600 | 447,258 | 8.4 |
| | **Total region** | **1.0%** | **1.3%** | **1.0%** | **2.1%** | **$10,946,243** | **$11,775,933** | **7.6%** |
| **Middle Atlantic** | New Jersey | 0.4% | 1.2% | -0.4% | 1.4% | $ 4,294,537 | $ 4,565,093 | 6.3% |
| | New York | 0.1 | 0.2 | -0.5 | 0.9 | 11,089,057 | 11,754,400 | 6.0 |
| | Pennsylvania | 0.2 | 0.4 | -0.6 | 1.4 | 6,125,655 | 6,505,446 | 6.2 |
| | **Total region** | **0.2%** | **0.6%** | **-0.5%** | **1.2%** | **$21,509,249** | **$22,824,939** | **6.1%** |
| **South Atlantic** | Delaware | 0.7% | 0.6% | 0.1% | 0.7% | $ 393,016 | $ 420,134 | 6.9% |
| | District of Columbia | 0.2* | nc | -0.7 | -0.2 | 755,150 | 794,418 | 5.2 |
| | Florida | 2.4 | 2.7 | 3.1 | 3.4 | 8,650,902 | 9,448,337 | 9.2 |
| | Georgia | 1.4 | 1.8 | 1.6 | 3.2 | 3,903,226 | 4,231,097 | 8.4 |
| | Maryland | 0.9 | 1.3 | -0.1 | 2.0 | 2,922,086 | 3,117,866 | 6.7 |
| | North Carolina | 1.1 | 1.4 | 1.5 | 2.8 | 3,540,621 | 3,845,114 | 8.6 |
| | South Carolina | 1.2 | 1.5 | 1.2 | 2.7 | 1,847,245 | 2,000,566 | 8.3 |
| | Virginia | 1.2 | 1.7 | 1.5 | 2.7 | 3,671,007 | 3,953,674 | 7.7 |
| | West Virginia | 0.1 | 0.3 | -0.8 | 2.1 | 748,175 | 791,569 | 5.8 |
| | **Total region** | **1.5%** | **1.7%** | **1.5%** | **2.8%** | **$26,431,428** | **$28,602,775** | **8.2%** |
| **East North Central** | Illinois | 0.1% | 0.3% | -0.9% | 1.2% | $ 6,840,693 | $ 7,244,294 | 5.9% |
| | Indiana | 0.3 | 0.6 | -0.1 | 1.7 | 3,224,432 | 3,430,796 | 6.4 |
| | Michigan | 0.2 | 0.5 | -0.1 | 1.4 | 5,323,251 | 5,647,969 | 6.1 |
| | Ohio | 0.1 | 0.4 | -0.4 | 1.4 | 6,494,915 | 6,884,610 | 6.0 |
| | Wisconsin | 0.7 | 1.0 | 0.9 | 2.0 | 2,711,187 | 2,898,259 | 6.9 |
| | **Total region** | **0.2%** | **0.6%** | **-0.3%** | **1.4%** | **$24,594,478** | **$26,105,928** | **6.1%** |
| **East South Central** | Alabama | 0.6% | 0.9% | 1.5% | 2.1% | $ 1,640,686 | $ 1,753,893 | 6.9% |
| | Kentucky | 0.6 | 0.9 | 0.8 | 1.9 | 1,947,661 | 2,093,736 | 7.5 |
| | Mississippi | 0.5 | 0.5 | 1.4 | 3.0 | 886,236 | 950,045 | 7.2 |
| | Tennessee | 0.9 | 1.2 | 0.9 | 2.8 | 2,504,171 | 2,679,463 | 7.0 |
| | **Total region** | **0.6%** | **0.9%** | **1.2%** | **2.4%** | **$ 6,978,754** | **$ 7,477,137** | **7.1%** |
| **West North Central** | Iowa | 0.1% | 0.4% | 0.4% | 0.9% | $ 1,439,761 | $ 1,529,026 | 6.2% |
| | Kansas | 0.6 | 1.0 | 2.0 | 2.0 | 1,327,086 | 1,418,655 | 6.9 |
| | Minnesota | 1.1 | 1.4 | 1.8 | 2.5 | 2,650,303 | 2,846,425 | 7.4 |
| | Missouri | 0.5 | 0.9 | 0.5 | 1.9 | 3,095,355 | 3,290,362 | 6.3 |
| | Nebraska | 0.4 | 0.8 | 1.2 | 1.1 | 924,962 | 981,385 | 6.1 |
| | North Dakota | 0.5 | 0.9 | 3.1 | 3.6 | 315,671 | 336,505 | 6.6 |
| | South Dakota | 0.4 | 0.7 | 3.4 | 3.6 | 359,651 | 381,949 | 6.2 |
| | **Total region** | **0.6%** | **0.9%** | **1.2%** | **2.0%** | **$10,112,789** | **$10,784,307** | **6.6%** |
| **West South Central** | Arkansas | 0.8% | 1.2% | 1.7% | 3.0% | $ 941,364 | $ 1,003,494 | 6.6% |
| | Louisiana | 0.8 | 1.1 | 0.8 | 2.7 | 2,324,048 | 2,470,463 | 6.3 |
| | Oklahoma | 1.1 | 1.3 | 2.0 | 3.1 | 1,916,915 | 2,047,265 | 6.8 |
| | Texas | 1.8 | 2.1 | 2.3 | 3.3 | 10,225,846 | 10,951,881 | 7.1 |
| | **Total region** | **1.4%** | **1.8%** | **2.0%** | **3.1%** | **$15,408,173** | **$16,473,103** | **6.9%** |
| **Mountain** | Arizona | 2.5% | 2.9% | 3.7% | 3.5% | $ 2,083,164 | $ 2,270,648 | 9.0% |
| | Colorado | 2.1 | 2.5 | 3.3 | 3.2 | 2,466,800 | 2,659,078 | 7.8 |
| | Idaho | 1.3 | 1.6 | 2.4 | 1.7 | 449,164 | 483,750 | 7.7 |
| | Montana | 0.7 | 1.0 | 0.6 | 3.0 | 398,057 | 424,329 | 6.6 |
| | Nevada | 2.6 | 3.0 | 3.8 | 5.0 | 733,784 | 795,558 | 8.4 |
| | New Mexico | 1.6 | 1.9 | 3.6 | 2.3 | 865,419 | 939,845 | 8.6 |
| | Utah | 2.0 | 2.3 | 3.7 | 4.6 | 665,180 | 718,394 | 8.0 |
| | Wyoming | 1.9 | 1.8 | 1.5 | 5.9 | 346,707 | 377,217 | 8.8 |
| | **Total region** | **2.0%** | **2.4%** | **3.3%** | **3.5%** | **$ 8,008,275** | **$ 8,668,819** | **8.2%** |
| **Pacific** | Alaska | 2.0% | 2.3% | 3.2% | 4.0% | $ 491,849 | $ 525,786 | 6.9% |
| | California | 1.8 | 2.1 | 2.4 | 2.8 | 21,603,833 | 23,237,083 | 7.6 |
| | Hawaii | 1.2 | 1.5 | 0.2 | 2.7 | 1,380,979 | 1,488,695 | 7.8 |
| | Oregon | 1.2 | 1.5 | 1.4 | 2.7 | 1,724,960 | 1,854,332 | 7.5 |
| | Washington | 1.6 | 1.9 | 1.8 | 2.7 | 3,093,756 | 3,331,975 | 7.7 |
| | **Total region** | **1.7%** | **2.0%** | **2.2%** | **2.7%** | **$28,295,377** | **$30,437,871** | **7.6%** |

*no change

**Source:** National Planning Association, Regional Economic Projections Series; National Restaurant Association

# REGIONAL AND STATE FORECAST

For the ninth consecutive year, the National Restaurant Association has forecast eating-place sales for each of the 50 states and the District of Columbia. Restaurateurs can use these data to compare their sales performance with projections for their state or region.

To a great extent, eating-place sales performance depends on the economic situation in the region. Factors such as population, income, industrial mix and employment all affect restaurant sales. When a region's economy grows, its restaurant sales can also be expected to increase.

## Percent change in regional economies: 1988–1989

*The Mountain region is forecast to have the largest increase in disposable income in 1989*

| Region | Population | Total employment | Manufacturing employment | Disposable personal income* |
|---|---|---|---|---|
| New England | 1.0% | 1.3% | 1.0% | 2.1% |
| Middle Atlantic | 0.2 | 0.6 | −0.5 | 1.2 |
| South Atlantic | 1.5 | 1.7 | 1.5 | 2.8 |
| East North Central | 0.2 | 0.6 | −0.3 | 1.4 |
| East South Central | 0.6 | 0.9 | 1.2 | 2.4 |
| West North Central | 0.6 | 0.9 | 1.2 | 2.0 |
| West South Central | 1.4 | 1.8 | 2.0 | 3.1 |
| Mountain | 2.0 | 2.4 | 3.3 | 3.5 |
| Pacific | 1.7 | 2.0 | 2.2 | 2.7 |
| **Total U.S.** | **1.0** | **1.2** | **1.2** | **2.2** |

**in real (noninflationary) dollars*

**Sources:** National Planning Association, Regional Projections Series; National Restaurant Association

### Regional highlights

□ The **Mountain** and **South Atlantic** regions should show the strongest gain in eating-place sales in 1989—up 8.2 percent. The **New England** and **Pacific** regions should follow, with a 7.6 percent climb.

□ The **Middle Atlantic** and **East North Central** regions are expected to post the lowest sales increase in 1989—6.1 percent.

□ The **Pacific** region should again rank number one in the country in terms of total restaurant sales, reaching $30.4 billion in 1989. The **South Atlantic** region is forecast to place second, with $28.6 billion in sales.

□ **Florida** is forecast to have the largest percentage increase in sales in 1989, with an advance of 9.2 percent. **Arizona** should rank second with a 9.0 percent increase, followed by **New Hampshire** with an 8.9 percent advance.

□ **California** should lead the nation in total eating-place sales—$23.2 billion. **New York** is expected to rank second with sales of $11.8 billion, and **Texas** should come in third at $11.0 billion.

### New England

**Major industries**

□ High technology
□ Defense
□ Manufacturing
□ Service
□ Textiles and apparel
□ Tourism

**Outlook**

□ Employment and population for the region should grow at the national average.

□ An overall healthy economy is expected to keep the region's construction industry strong.

□ Manufacturing should see a boost from the high-technology rebound, a backlog in defense orders and a weaker international dollar.

□ Although the area's textile and apparel industry is forecast to lose a share of its business to both southern producers and imports, the paper/pulp, printing and publishing industries should have another positive year.

□ Total eating-place sales in the region are expected to reach $11.8 billion in 1989—a 7.6 percent increase over 1988.

□ Massachusetts is again projected to account for more than half of the region's total eating-place sales, but New Hampshire is expected to lead the region in eating-place sales growth—up 8.9 percent in 1989.

### Middle Atlantic

**Major industries**

□ Manufacturing and heavy industry
□ Service
□ Tourism
□ Finance
□ High technology

**Outlook**

□ The outlook for the region's electronics and high-technology industries is positive, as a result of increased domestic and foreign demand.

□ Increased efficiency is expected to boost the region's steel industries.

□ Population growth is expected to be below the national average for the tri-state area, while manufacturing employment should continue to decline.

□ Positive growth is forecast for the area's food processing and pharmaceuticals sectors.

□ Eating-place sales for the region are anticipated to grow 6.1 percent to $22.8 billion in 1989.

□ Of the three states, New York is predicted to account for more than half of the area's eating-place sales, $11.8 billion; but New Jersey is expected to outpace New York in eating-place sales growth with a 6.3 percent advance.

### South Atlantic

**Major industries**

□ Service
□ Textiles and apparel
□ Agriculture
□ Manufacturing

- Defense
- Tourism
- High technology

**Outlook**

- The region is projected to outpace the national average in population, employment growth and personal income in 1989.
- A winding down in defense contracts could slow the region's high-tech industry, but the paper/pulp and lumber industries should benefit from increased exports as a result of the dollar's lower value abroad.
- Cotton and tobacco should also see gains from the declining dollar.
- Plant modernization should help revitalize the textile and apparel industries, and activity in the area's seaports is expected to remain strong.
- Florida is expected to lead the region in total restaurant sales—$9.4 billion.
- Total eating-place sales should jump a substantial 8.2 percent, to $28.6 billion.

## East North Central

**Major industries**

- Automobile
- Steel
- Rubber
- Robotics
- Agricultural

**Outlook**

- Population, total employment and personal income growth should advance at a slower pace than the national average.
- Industrial construction is expected to advance in the region, fueling growth in the stone, clay and glass industries.
- An improved export market should help the area's machinery sector, especially in machine tools, robotics and farm equipment.
- The steel industry should benefit from recent restructuring, but a slowdown in automobile production could pose some risks.
- Total eating-place sales for the region are projected to be $26.1 billion in 1989—up 6.1 percent from 1988.
- Illinois is expected to lead the region in eating-place sales—$7.2 billion.
- Wisconsin should lead the region in eating-place sales growth at 6.9 percent.

## East South Central

**Major industries**

- Textiles and apparel
- Oil and gas
- Defense
- Automobile
- Paper and lumber

**Outlook**

- Regional population growth is anticipated to be below the national average, but manufacturing employment should increase at the same rate in the region as for the nation.
- Although the automobile market is projected to remain competitive, the region should benefit from increased migration of auto and related industries into the region.
- Lumber and forest products are expected to see a slight slowdown as new construction slows in the area, but the paper industry is expected to have a strong year in 1989.
- Total eating-place sales in the region should climb 7.1 percent to reach $7.5 billion.
- Tennessee is expected to lead the region in total eating-place sales at $2.7 billion, and Kentucky should be the leader in the region in sales growth—up 7.5 percent.

## West North Central

**Major industries**

- Agriculture
- Aerospace
- Defense
- Farming equipment

**Outlook**

- Population, total employment and personal-income growth are forecast to be below U.S. averages for 1989, but manufacturing employment should rise 1.2 percent—the gain projected for the U.S. overall.
- Cuts in defense spending are expected to slow growth in some high-tech and aerospace industries in the area.
- The lower value of the dollar abroad is forecast to aid exports of agricultural products and farm-machinery manufacturers in the region.
- Regional eating-place sales are projected to climb 6.6 percent to reach $10.8 billion.
- Missouri should lead the region in total eating-place sales at $3.3 billion, but Minnesota is anticipated to show the largest sales growth in 1989—up 7.4 percent.

## West South Central

**Major industries**

- Oil and gas
- Defense
- Chemicals
- High technology
- Finance

**Outlook**

- Despite the continued drag of the energy sector on the regional economy, the region is expected to post population, employment and personal-income gains above the national averages.
- Although defense spending is projected to decline, the electronics equipment manufacturing industry continues to be strong.
- The outlook for the region's petrochemical industry remains positive because of lower raw-material costs and a growing export market.
- The area's financial sector will continue to deal with the aftershocks of bad debts from energy and real estate loans.
- Eating-place sales in the region are projected to climb 6.9 percent, to reach $16.4 billion.
- Texas should post the most significant increase in eating-place sales for the region—up 7.1 percent to almost $11.0 billion.

## Mountain

**Major industries**

- High technology
- Defense
- Mining
- Construction
- Energy

**Outlook**

- The region is projected to post the highest growth rates in the nation for population, employment and personal income.
- The lower value of the dollar abroad is expected to help the high-technology industry.
- Due to increased domestic industrial activity, minerals such as copper and aluminum should see stronger demand, helping the region's mining activities.
- Construction in the region is among the strongest in the nation, but overbuilding should continue in some localized areas.
- Arizona should post the nation's largest population growth in 1989—up 2.5 percent.
- Colorado's eating-place sales of $2.7 billion should lead the region in 1989—up 7.8 percent over 1988.
- Total eating-place sales are projected to be $8.7 billion in 1989, an 8.2 percent advance.

*The Mountain and South Atlantic regions should show the strongest gain in eating-place sales in 1989—up 8.2 percent.*

## Pacific

**Major industries**

- Electronics and high technology
- Aerospace
- Defense
- Lumber
- Agriculture
- Tourism

**Outlook**

- Economic growth in the region should remain strong; population, employment and personal income gains are predicted to be above national averages.
- Construction activity should give a boost to the area's forest-products industry.
- Both the defense and aerospace industries should benefit from backlogs in orders.
- Export growth should help port activity.
- Total eating-place sales in the region are forecast to grow by 7.6 percent to $30.4 billion, the largest amount for any region in the country.
- California should lead the region and the nation, with eating-place sales of $23.2 billion—up 7.6 percent from 1988.

# 1988 UPDATE

## Sales performance highlights

According to the National Restaurant Association's revised forecast, **foodservice industry sales** should break the $213 billion mark in 1988—a 6.7 percent increase from 1987. In inflation-adjusted terms, industry sales should rise 2.6 percent in 1988. These revised numbers are slightly below the association's original forecast because consumers saved more and spent less than anticipated in 1988. In addition, an unusually hot summer cut into sales in July and August.

Food and drink sales for the **Commercial Foodservice Group** are forecast to reach $188.7 billion for 1988, a 7.1 percent gain over the previous year, or 2.9 percent after adjusting for inflation.

Positive growth is projected for both the **Institutional Foodservice**

*(continued on page 44)*

## How the regional forecast was prepared

The economic sales data for the states have been arranged according to the nine census regions. Included with each state are revised eating-place sales for 1988, projected 1989 sales figures and information on personal income, employment and population data. Much of the economic data in this report are based on information obtained from such sources as the Bureau of Economic Analysis, the Bureau of Labor Statistics, the National Planning Association and the Chamber of Commerce.

The estimates for eating-place sales used here were prepared in consultation with the research firm Malcolm M. Knapp, Inc. State-by-state historical eating-place sales in 1972, 1977 and 1982 form the basis for these projections. Special attention was paid to growth trends between 1977 and 1982 for refreshment places (fast food) and restaurants and lunchrooms for each state. Sales figures were then adjusted to reflect current and projected income and population data.

**A few reminders**

- Sales projections for 1989 are based on the best data available in late September and early October 1988. If the outlook for general economic conditions or the food situation changes significantly in 1989, the projections will require adjustments.
- Adjustments were made to arrive at a predetermined U.S. total.
- Sales figures for each state are subject to a larger margin of error than the national projections.
- Actual sales figures represent an overall allocation of total sales in the United States. Although percent changes are subject to more variation, they have been shown here as a convenience to *1989 Forecast* readers.
- The sales information for states and regions is for all establishments. They represent the U.S. Census definition of eating places (SIC Code 5812) and include the sales for operations with payroll and without payroll, as well as contract feeding. As a result, the sales figures for states and regions will not equal the total for eating places. Because regional projections were not done separately, regional totals are sums of state data.

## Foodservice industry food and drink sales
### 1987-1988

| | ($000) | | Percent change | |
|---|---|---|---|---|
| | 1987 | 1988 | Current dollars | Constant dollars |
| Commercial Foodservice Group | $176,223,823 | $188,716,108 | 7.1% | 2.9% |
| Eating places | 128,530,951 | 137,443,437 | 6.9 | 2.8 |
| Restaurants and lunchrooms | 66,164,123 | 70,133,970 | 6.0 | 1.9 |
| Limited-menu restaurants | 55,619,092 | 60,124,238 | 8.1 | 4.0 |
| Commercial cafeterias | 3,674,868 | 3,899 035 | 6.1 | 2.0 |
| Social caterers | 1,488,806 | 1,596,000 | 7.2 | 3.1 |
| Ice cream, frozen-custard stands | 1,584,062 | 1,690,194 | 6.7 | 2.6 |
| Bars and taverns | 9,433,901 | 9,839,559 | 4.3 | 0.2 |
| Total eating & drinking places | 137,964,852 | 147,282,996 | 6.8 | 2.6 |
| Institutional Foodservice Group | 22,443,753 | 23,266,462 | 3.7 | 0.2 |
| Military Foodservice Group | 973,352 | 1,027,576 | 5.6 | 1.5 |
| **Total industry sales** | **$199,640,928** | **$213,010,146** | **6.7%** | **2.6%** |

**Group** and the **Military Foodservice Group.** Sales are anticipated to advance 3.7 percent, or 0.2 percent after adjusting for inflation, in the Institutional Foodservice Group to reach $23.3 billion. Military Foodservice sales should post a 5.6 percent increase, or 1.5 percent real gain, to reach slightly over $1.0 billion.

Overall, **sales at eating places** are anticipated to grow 6.9 percent, to $137.4 billion dollars. After adjusting for inflation, real growth is estimated to be 2.8 percent over 1987. Restaurant and lunchroom sales are expected to exceed $70.1 billion for 1988, up 1.9 percent in real terms over 1987. As was the case in 1987, fast food (limited-menu) establishment sales should grow at a faster rate—4.0 percent after adjusting for inflation, to $60.1 billion.

### Traffic performance highlights

The **quickservice segment** experienced a slowdown in traffic growth. Customer counts were up 7.3 percent in autumn 1987, compared to 4.2 percent in the winter, 2.7 percent in spring 1988 and 0.2 percent in summer 1988. **Takeout** service followed a similar pattern with a 10.2 percent gain last fall, a 7.4 percent advance in winter, a 4.2 percent increase in spring 1988 and a 2.8 percent gain in summer 1988.

**Midscale** traffic has been flat or down since mid-1987. In fall 1987 these establishments showed a traffic decline of 0.3 percent. After a slight 0.5 percent increase in the winter, traffic dropped 2.8 percent in spring 1988, followed by a 4.4 percent decline in summer 1988. On a more positive note, **takeout** service increased dramatically, with a 17.3 percent jump last fall, a healthy 17.6 percent leap over the winter and a more modest 4.1 percent and 4.9 percent gain in spring and summer 1988.

**Upscale establishments** posted traffic advances in the first half of 1988, before dropping in the third quarter. Fall 1987 saw a 2.1 percent drop in traffic, but winter brought a 3.8 percent increase and spring 1988 a slight 0.7 percent gain. Summer 1988 traffic tumbled 8.1 percent. **Off-premises** upscale traffic was up 5.0 percent last fall, 7.1 percent in the winter and 6.6 percent in spring 1988. However, during summer 1988, traffic declined 6.0 percent.

*—Nancy Michalski*
*—Susan Mills*
*—Sebastian O'Kelly*
*—Claire Regan*
*—Hudson Riehle*

## How the 1989 forecast was prepared

The National Restaurant Association's projections for 1989, revised projections for 1988 and final estimates for 1986 are published here. Comparable historical sales data encompassing the 15-year period from 1970 through 1984 have been published in *Foodservice Numbers.*

The association's annual industry forecast for 1989 includes both nominal and real percent changes in sales for all industry sectors. Real growth is calculated separately for each market segment. In the case of eating places, the projected percent increase in menu prices is subtracted from the percent increase in sales. For drinking places, it is necessary to make a special estimate of the inflation factor, which is weighted more heavily toward alcoholic beverages.

For other industry sectors, such as colleges and universities, where expenses are largely determined by food costs, a modification of the Producer Price Index of food is used. Modifications to this index are based on historical patterns for each industry sector. The food-cost component constitutes the base percent increase, which is adjusted to reflect population changes and other pertinent factors, such as labor and overhead costs.

To arrive at 1989 real sales figures for the total foodservice industry as well as for the Commercial and Institutional Foodservice Groups, current 1988 sales were multiplied by the respective 1989 real growth factors. The real sales figures for each of these sectors were added, then compared with 1988 sales to obtain overall real growth for the industry and the two major segments.

**A word of caution**

Sales projections are based on the best data available in late September and early October 1988. If the outlook for general economic conditions or the food situation changes significantly in the coming year, these projections will require adjustment. In addition, the performance of individual companies or sales in local market areas may differ substantially from the outlook for the entire nation.

## 1 NEW ENGLAND

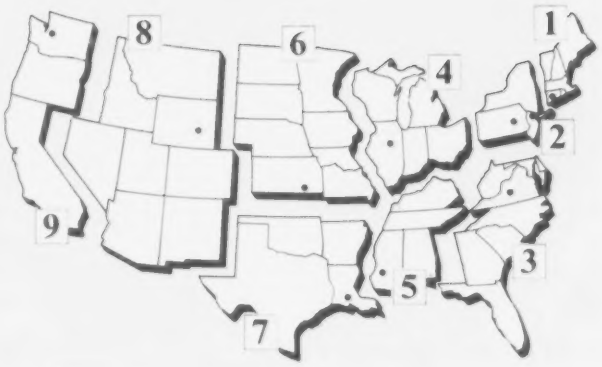
**Location:** New Haven, CT
**Association members:** Henry Milone, Corey Baker, Houston Striggow
**Operation:** Bruxelles Brasserie and Bar
**Profile:** Bistro-style restaurant
**In business:** 2½ years
**Seats:** 150
**Meals served:** Lunch, dinner, Sunday brunch

Bruxelles Brasserie and Bar is in New Haven's theater district—an area that has seen the pilot opening of many Broadway hits. The theatergoers who enjoy a meal before or after the show find Bruxelles a lively, fun place, according to **Houston Striggow,** director of operations for the company that owns the restaurant. Diners enjoy watching their food being prepared in the French-built rotisserie ovens. While they wait, they can doodle with restaurant-provided crayons on the butcher paper that covers the tables.

The theater season, from September to May, is the busiest time; that's also when Yale, New Haven's other prime attraction, is in session.

## 2 MID-ATLANTIC

**Location:** Stockholm, NJ
**Association members:** Richard and Charlotte Jorgensen
**Operation:** Jorgensen's
**Profile:** Steakhouse
**In business:** 39 years
**Seats:** 375
**Meals served:** Dinner on weekends




Jorgensen's is modeled after the old New York steakhouses. It serves large cuts of top-grade meat—pork chops over an inch thick, beef cut 10 slices to a 24-pound rib roast—as well as fish so fresh "they're still flopping when the chef brings them in."

Jorgensen's is open for dinner only on Friday, Saturday and Sunday. "Business is doing very well. I could do more if I advertised, but I'm not trying to set any more records; I already did that," owner **Richard Jorgensen** says, referring to the days when he was open six days a week.

Situated in Bergen County—in a little village near New York City and Newark—Jorgensen's draws its customers from a 100-mile radius. They come to enjoy the scenery as well as food and atmosphere. A collection of brass and iron street lanterns from London and Copenhagen flank the restaurant's three fireplaces.

# Our restaurant feeds the world on December 26

*Region 2 special*

**by Joseph Laws**

The last thing that most Americans want to be reminded of when they sit down to order in a restaurant specializing in extra-large portions of juicy prime rib and succulent crab cakes is the specter of starving families in Bangladesh or Ethiopia.

But the Country Oven has successfully managed to raise thousands of dollars every year for "Bread for the World" and "Oxfam America"—two organizations at the forefront in the fight against hunger throughout the world—by getting hundreds of people to come and enjoy a lavish meal at our restaurant.

This started back in 1980, when my brother and partner Tim Laws was struck with the magnitude of the tragedy of famine in Africa and suggested that we do something to focus the local public's awareness on what he felt was the number-one problem confronting mankind—hunger. (It's been estimated that as many as 30 million people die each year of hunger and hunger-related causes.) As businessmen, we also liked the idea of the goodwill and exposure our business would receive in the community as a result of our efforts to help the starving.

So we designated the Monday after Christmas as the "Day for the World's Hungry," and decided to donate all revenue from sales that day to the two famine-relief charities. We picked that day because it was usually a fairly slow day in a generally slow period—a week between holidays and after all the Christmas parties.

The first year we raised $1,750. Since that time, due in part to the favorable publicity we received from television, radio and newspapers, we have been able to raise more than $7,000 on our "Day for the World's Hungry," and the amount increases each year. In addition to the much-needed money, we provided untold thousands of dollars' worth of publicity for the hunger-related charities. Ironically, due in part to the residual effect of all the favorable publicity, the period between Christmas and New Year's Eve is now our busiest week of the year.

The total endeavor required only a letter describing our event to each TV station, radio station and newspaper in our area and, afterwards, a follow-up letter expressing our thanks and indicating the amount of money raised. We have been interviewed for prime-time TV news programs and for radio stations' news broadcasts numerous times. Additionally, a number of newspapers carried articles about our efforts.

The publicity and excitement of the event have magnified the results by influencing the public to do its own part to solve the problem, and by enabling us to donate more money because of the increase in business. All in all, we feel that our cost/benefit ratio in terms of humanity and business is well worth the effort.

*Joseph Laws is co-owner of the 300-seat Country Oven Restaurant, which is part of a Best Western Motel in Linglestown, Pennsylvania. His restaurant generates $2.5 million in sales annually.*

## 3 SOUTH ATLANTIC

**Location:** Raphine, VA
**Association member:** Margaret P. White
**Operation:** White's Truck Stop
**Profile:** Restaurants in truck stop
**In business:** 18 years
**Seats:** 182
**Meals served:** Breakfast, lunch, dinner

Three dining rooms, one a cafeteria and two with table service, are part of White's Truck Stop, which is almost a city in itself. Since the truck stop is located along Virginia's scenic Blue Ridge Parkway, as many as 23 tour buses stop by in one day during the foliage season. During the busiest times, the restaurants, open 24 hours a day, serve between 1,500 and 2,000 meals a day.

**Margaret (Peggy) White,** owner and restaurant manager, offers home-cooked food, including such regional specialities as Peanut Butter Pie and a peanut "goober" soup. Another big seller is a spicy Cajun dish of chicken wings with red beans and rice called *Wings of Fire*.

## 4 EAST NORTH CENTRAL

**Location:** Decatur, IL
**Association members:** Don McKinney, Wayne Briggs
**Operation:** The Blue Mill
**Profile:** Upscale restaurant
**In business:** 62 years
**Seats:** 360
**Meal served:** Dinner

The Blue Mill caters to the Midwest's taste for beef by specializing in prime rib and steaks. A large tossed green salad with dressing made on the premises usually accompanies the entrees.

Diners eat in one of four dining rooms, each furnished in a different style and each featuring some of the restaurant's 50 antique clocks. It is manager **Wayne Briggs'** job to wind them and make sure they are all on time.

The Blue Mill is 10 blocks west of downtown Decatur, an industrial town 180 miles south of Chicago. The town's many companies offer employment to a large blue-collar population, which gives the area a steady economy. Still, business at the restaurant suffered this summer from the excessively hot, dry weather. "People just didn't want to go out," notes Briggs.

## 5 EAST SOUTH CENTRAL

**Location:** Hattiesburg, MS
**Association members:** Arthur Lovett, Robbie Taylor, Steve Swaidner, Tim Wilks
**Operation:** Mississippi's
**Profile:** Restaurant and lounge
**In business:** 2 years
**Seats:** 300
**Meal served:** Dinner

Mississippi's draws a mixed crowd of students from the nearby University of Southern Mississippi and older residents. "Business is good," says assistant manager **Robbie Taylor.** "We're full every weekend."

Those who come to eat and drink (and dance to music played by a disc jockey) can choose a full dinner or one of the popular po'-boy sandwiches. Both feature fresh shrimp and oysters from the gulf, only 70 miles away.

## 6 WEST NORTH CENTRAL

**Location:** Coffeyville, KS
**Association members:** Bill Hulsey, Ray Hulsey
**Operation:** George's Cafeteria
**Profile:** Cafeteria
**In business:** 37 years
**Seats:** 185
**Meals served:** Lunch, dinner

Travelers stopping at George's Cafeteria can't believe that the small town of Coffeyville, near the Oklahoma border, can house such a spacious, modern restaurant with such a varied menu, says manager **Bill Hulsey.** For an average check price of $4.25, farmers, businesspeople and families can choose from a selection of five meats, seven vegetables, 10 to 12 varieties of pies and 10 to 12 salads—all made from scratch.

According to Hulsey, the economy of Coffeyville—dependent on industries, farming and oil—has been depressed for the last three or four years, and the cafeteria business has suffered as a result. "But it's improving slowly," he says.

## 7 WEST SOUTH CENTRAL

**Location:** Lake Charles, LA
**Association members:** Robert Young, Sis White, Rosie Tower
**Operation:** The Boarding House Incorporated
**Profile:** Airport coffeeshop, catering
**In business:** 3 years
**Seats:** 45
**Meals served:** Breakfast, lunch

The Boarding House coffeeshop, located in Lake Charles' small airport, is open only until 6 p.m. each day. It serves the usual breakfast dishes plus sandwiches, made-to-order salads, desserts and a plate lunch.

The smallness of the airport and its location outside of Lake Charles, a town situated in the southwest corner of Louisiana, has meant the restaurant's owners have relied on their catering business to bolster earnings. They do mostly off-site catering to homes and businesses, using their airport kitchen to prepare the food. Although the loss of one airline has meant a drop in coffeeshop customers, the catering business is doing very well, reports vice president **Robert Young.**

## 8 MOUNTAIN

**Location:** Centennial, WY
**Association members:** Pat Self, Sandy Pendleton
**Operation:** Pat's Old Corral
**Profile:** Steakhouse with adjoining motel
**In business:** 42 years
**Seats:** 110
**Meals served:** Lunch, dinner

"It's amazing how we serve so many people when we're in the middle of nowhere," says manager **Sandy Pendleton,** referring to the 36,000 customers who come to the restaurant in the tiny town of Centennial (only 100 people) at the foot of the Snowy Range each year. Fishermen, hikers and scenery-lovers constitute the backbone of the business, but winter brings in skiers and snowmobilers.

The beef, which is the specialty, has won state and national awards, including "best beef in Wyoming." Dinners are served individually or family style; for example, *The Sirloin Dream*, a whole top-cut sirloin, can be ordered for two to four people. Buffalo burgers are also very popular.

## 9 PACIFIC

**Location:** Seattle, WA
**Association members:** Leon Torrey, Rosie Gates Malone
**Operation:** Eggs Cetera
**Profile:** Midscale restaurant
**In business:** 12 years
**Seats:** 67 plus 20 on patio
**Meals served:** Breakfast, lunch, dinner

As its name suggests, Eggs Cetera is known for its egg dishes—and, in fact, began as a breakfast-only establishment. But today it serves other dishes as well; and some of these have won awards, such as an apple pie with a whole-wheat crust.

Patrons like to eat their meals near the restaurant windows where they can look out on the colorful Broadway area of Seattle, home of little shops, theaters and restaurants. "Business is up 20 percent from last year; we've had our best year ever," says manager **Rosie Gates Malone.** —*Julie Fintel*

## No-smoking policy works

The Shorebird restaurant in Princeton-by-the-Sea, California, has had its no-smoking policy in effect since April. The restaurant struggled with the smoking versus nonsmoking issue for two years before management decided to limit smoking to the lounge. "We do regular surveys of our customers, and it seemed like everybody wanted nonsmoking sections," co-owner Bill Gillespie says. But simply adding nonsmoking sections was a difficult option for two reasons: (1) the possibility of long lines of customers waiting to be seated in a certain section and (2) employees' resistance to being stationed in a smoking section. "We decided it had to be all or nothing, and we think we made the right choice," Gillespie claims.

According to Gillespie, overall customer response has been very positive. "We've had some complaints and we did lose a

few regular customers, but we feel it's worked well."

The Shorebird has made some changes to accommodate its smoking customers. It offers to hold up courses for customers who might want to take a smoking break, and it offers to bring coffee and dessert right into the lounge for smokers who crave that after-dinner cigarette. "We want to treat everyone special," says Gillespie.

***—Restaurants USA*** *interview*

## Wendy's is charged by INS

Davco Foods, Inc., which holds the franchise for 106 Wendy's restaurants in the Washington DC area, pleaded guilty in November to charges by the Immigration and Naturalization Service (INS) that it employed illegal aliens. It was the first criminal conviction by the INS under the Immigration Reform and Control Act of 1986.

A six-month investigation of two of the Wendy's units revealed that at least 20 illegal aliens had been employed since June 1987. The company was fined $3,000 for each illegal alien.

Davco says it is now in compliance with the immigration laws.

*—Washington Times*

## The oat-bran bandwagon

Oat bran may be the new "wonder grain," if sales are any indication. Bakeries and takeout restaurants across the country are having trouble keeping oat-bran muffins on their shelves, because customers believe they will help lower cholesterol levels.

Scientists have known for 25 years that oat bran is a soluble fiber that absorbs water during the digestive process and renders cholesterol unabsorbable. But recent studies showing how diets including oat bran reduce cholesterol levels have people scrambling for products made with oat

bran—especially muffins, which are more appealing than a cold bowl of cereal.

Nutrition experts say that to get the benefits from oat bran you must eat it every day in large amounts. But they also say that if you switch from high-cholesterol breakfast foods to oat-bran muffins, it is certainly a change for the better.

*—New York Times*

## Diner resurgence continues

The resurgence of diners shows no sign of abating. The founder of The American Cafe, Bob Giaimo, has a new project on the horizon—a chain of stainless-steel diners, the kind that were part of the landscape in the 1930s and 1940s. The first "Silver Diner" is expected to open by the end of the year in Rockville, Maryland. Constructed by Kullman Industries of New Jersey, an original manufacturer of prefab diners, the diner will feature mahogany booths, pullman-shaped windows, neon signs and a 6-foot clock tower placed outside. Giaimo hopes to open two more Silver Diners by the end of 1989 and wants to expand to other cities within five years.

Even though Giaimo plans to take advantage of the diner's popularity, he doesn't want his operation to become another "yuppie haven." He is targeting customers—especially families—who want high-quality food at a reasonable price.

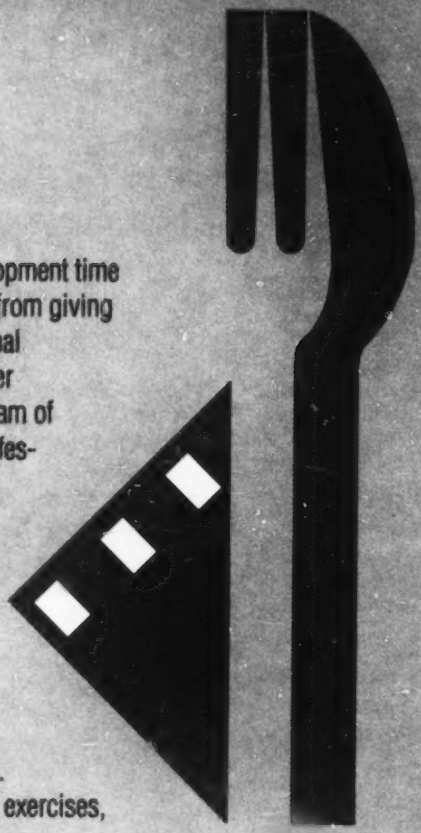
*—Washington Times*

## IBM offers employees flexibility

In October, IBM announced a greatly expanded program of benefits—benefits that will help its employees balance their work and home lives. The new program includes a leave of absence of up to three years, greater flexibility in work hours and the opportunity to work at home.

IBM surveyed its diverse employee base, which includes working women, dual-career couples, single parents and mature workers who may want to start a second career, and found that the employees' greatest need was for increased flexibility. IBM believes that meeting this need will counter the shortage of skilled workers that demographers are predicting over the next 11 years. The long-range goal of the new program is to foster loyalty and increase productivity—two things the company considers crucial to remaining competitive into the year 2000.

*—Washington Post*



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